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United States Department of Agriculture

Foreign Agricultural Service

Foreign Agriculture Circular

Grains

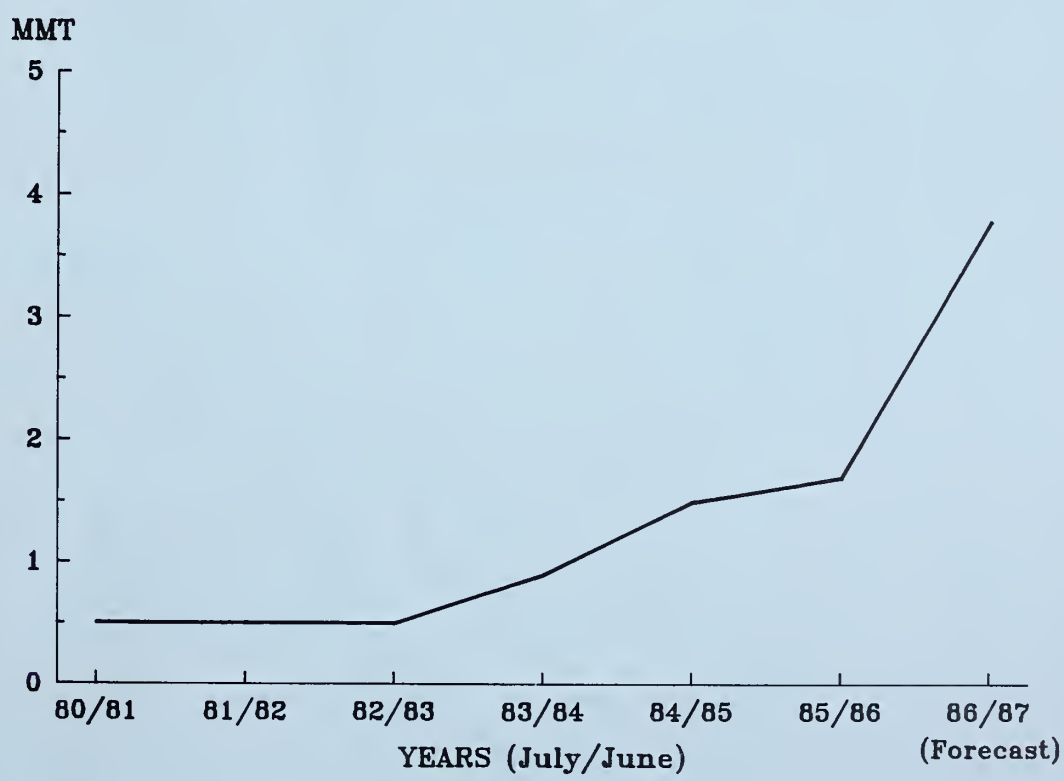
Export Markets for U.S. Grain and Products

EMG-12-86
December 1986

Increasingly, because of low world wheat prices, countries that import grain for animal feed purposes are beginning to purchase wheat in place of part of their imports of traditional feed grains. In the current year, as shown in this month's cover graph, the estimated total of import/export wheat transactions known to be for feed purposes is likely to reach almost 4 million metric tons; prior to 1984/85, the annual volume of such wheat trade is believed to have been less than 1 million tons. In addition to Korea, Mexico, USSR, and the Philippines, which are currently known to be major importers of feed wheat, some other countries (eg. Eastern European countries) may also be increasing their feed use of imported wheat, data for these are not available.

If this rising trend continues, it will be especially important for U.S. grain exports because (1) the United States is not a participant in the exportation of wheat specifically for feed purposes, since, unlike Canada, Australia, and the European Community, the United States does not have a special price discount system for such trade, and (2) such exports of feed wheat are much more likely to displace exports of corn from the United States than corn or feed grains exported from other countries.

ESTIMATED FEED USE OF IMPORTED WHEAT
(Selected Markets)*
1980/81-86/87



* USSR, Mexico, Korea, Philippines.

Supporting data on page 27.

Approved by the World Agricultural Outlook Board - USDA

EXPORT MARKETS FOR U.S. GRAIN AND FEED PRODUCTS
December 29, 1986

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HIGHLIGHTS

Significant developments affecting U.S. grain and feed exports this month:

-- The U.S. wheat export forecast for 1986/87 (June/May) was decreased by 1.4 million tons to 26.5 million tons, while the U.S. corn export forecast has been decreased by 4.4 million tons to 28.6 million tons.

-- The Canadian government has decided to provide Can $1.0 billion in subsidies to grain and oilseed producers.

-- USSR wheat import demand forecast for 1986/87 (July/June) is declines by 2.0 million tons.

-- The increased availability and price competitiveness of feed-quality wheat is starting to affect U.S. exports of feedgrains to Mexico and Japan.

-- Iraq purchases 105,000 tons of high quality rice from the United States.

-- China continues to stress increased grain production through the use of incentives and some minor reforms.

-- The Venezuelan government may require that up to 20-percent of the imported wheat be purchased from Argentina.

--Low world corn prices and costly surpluses have prompted the Government of Zimbabwe to reduce domestic price support levels for corn.

WHEAT

LATEST U.S. EXPORT FORECAST, SHIPMENTS AND SALES

Export Forecast: The U.S. wheat export forecast for 1986/87 (June/May), as of December 10, was decreased by this month by 5 percent (1.36 million tons) from the previous forecast to 26.5 million tons. The decline was mainly due to a 2.0 million-ton downward revision of the 1986/87 world trade forecast.

Shipments and Sales: U.S. wheat shipments during the past month staged a slight recovery over the previous month, totaling 1.5 million tons, bringing the cumulative total to 15.5 million tons or 2.0 million tons greater than at the same time last year. Leading destinations were Japan, 234,000 tons and Taiwan, 91,000 tons.

Sales meanwhile jumped up by 60 percent relative the previous month's sales, considerably aided by large purchases by Morocco of 470,000 tons, Algeria of 252,000 tons, and Egypt of 210,000 tons.

U.S. WHEAT SHIPMENTS, SALES, and INSPECTIONS
(JUNE/MAY--MILLION TONS)

Monthly SHIPMENTS

For Period Ending	1985/86	1986/87
Sept 18	1.7	2.5
Oct 23	2.8	3.2
Nov 20	1.9	1.3
Dec 18	1.7	1.5
Cumulative for MY..	13.5	15.5

Monthly SALES 1/

For Period Ending	1985/86	1986/87
Sept 18	2.3	1.9
Oct 23	2.7	1.7
Nov 20	1.4	1.3
Dec 18	2.0	2.1
Cumulative for MY..	17.8	19.1

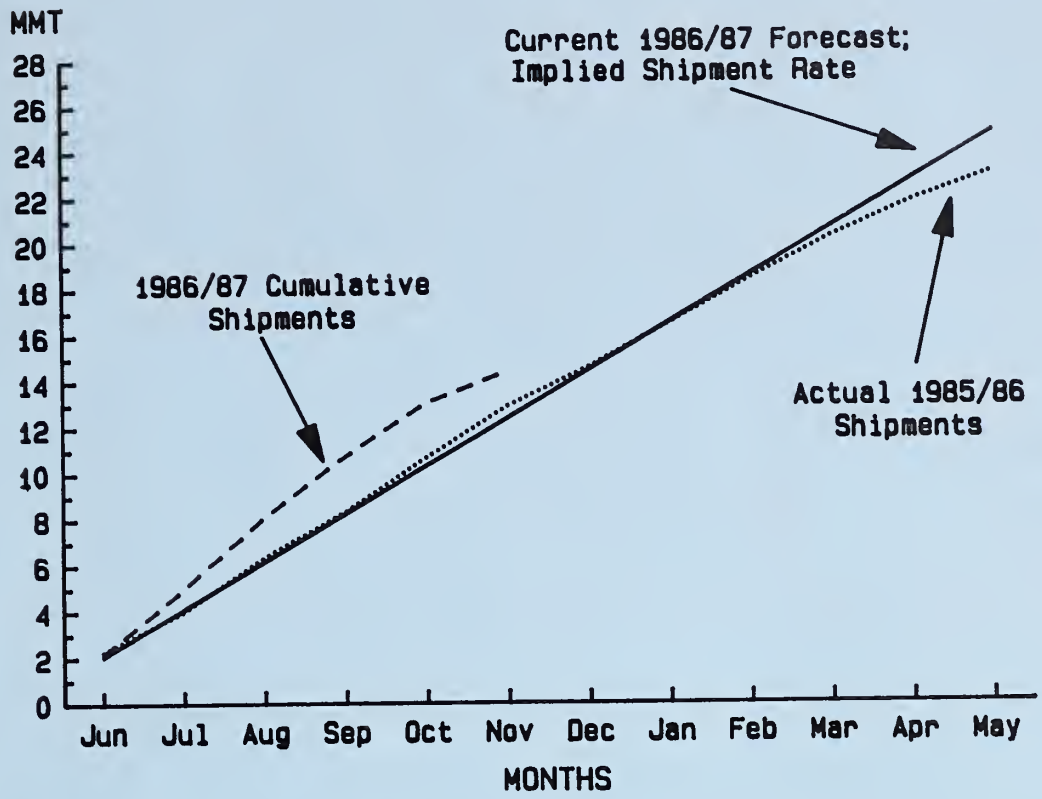
Weekly and Annual INSPECTION Rates

	MT	BU
Week Ending:		
November 27	0.4	14.1
December 4	0.3	10.1
December 11	0.4	15.8
December 18	0.4	13.8
Cumulative Since Begin MY ..	15.9	584.5
Official Estimate for 1985/86 (Grain only)	24.8	910
Implied Weekly Average	0.5	17.5
Weekly Average for Latest Month	0.4	13.5
Marketing Year-to-Date Weekly Average	0.5	20.2
MY Year-to-Date Average Extrapolated Annually	28.6	1,050
Weekly Average Required during Remainder of MY to Achieve Official Estimate ..	0.4	14.2
Weeks Remaining 23		

1/ Sales made since the beginning of the applicable marketing year, including sales for shipment in the next marketing year.

SOURCE: Shipments and sales data from U.S. Export Sales. Inspections data from the Federal Grain Inspection Service.

U.S. WHEAT SHIPMENTS-CUMULATIVE
(1985/86 & 1986/87 June/May)



Note: Forecast rate represents current season total forecast of 24.8 MMT (excluding products) divided by 12 months.

Cumulative U.S. Wheat Exports by Destination
Major Changes
(June/May - 1,000 MT)

Region/ Country	Cumulative Shipments June 1986 to Dec. 11, 1986	June 1985 to Dec. 11, 1985	+-Change
EC	864	1,100	- 236
Portugal	141	389	- 248
Other W. Europe	178	82	+ 96
E. Europe	478	55	+ 423
Yugoslavia	434	0	+ 434
China	0	551	- 551
Asia & Oceania	3,764	3,036	+ 728
Bangladesh	385	126	+ 259
Indonesia	441	227	+ 214
Pakistan	74	427	- 353
Africa	4,405	2,811	+1,594
Algeria	914	495	+ 419
Egypt	1,362	688	+ 674
Tunisia	296	46	+ 250
W. Hemisphere	3,170	3,123	+ 47
Chile	164	463	- 299
Venezuela	535	280	+ 255
TOTAL	15,190	13,164	+2,028

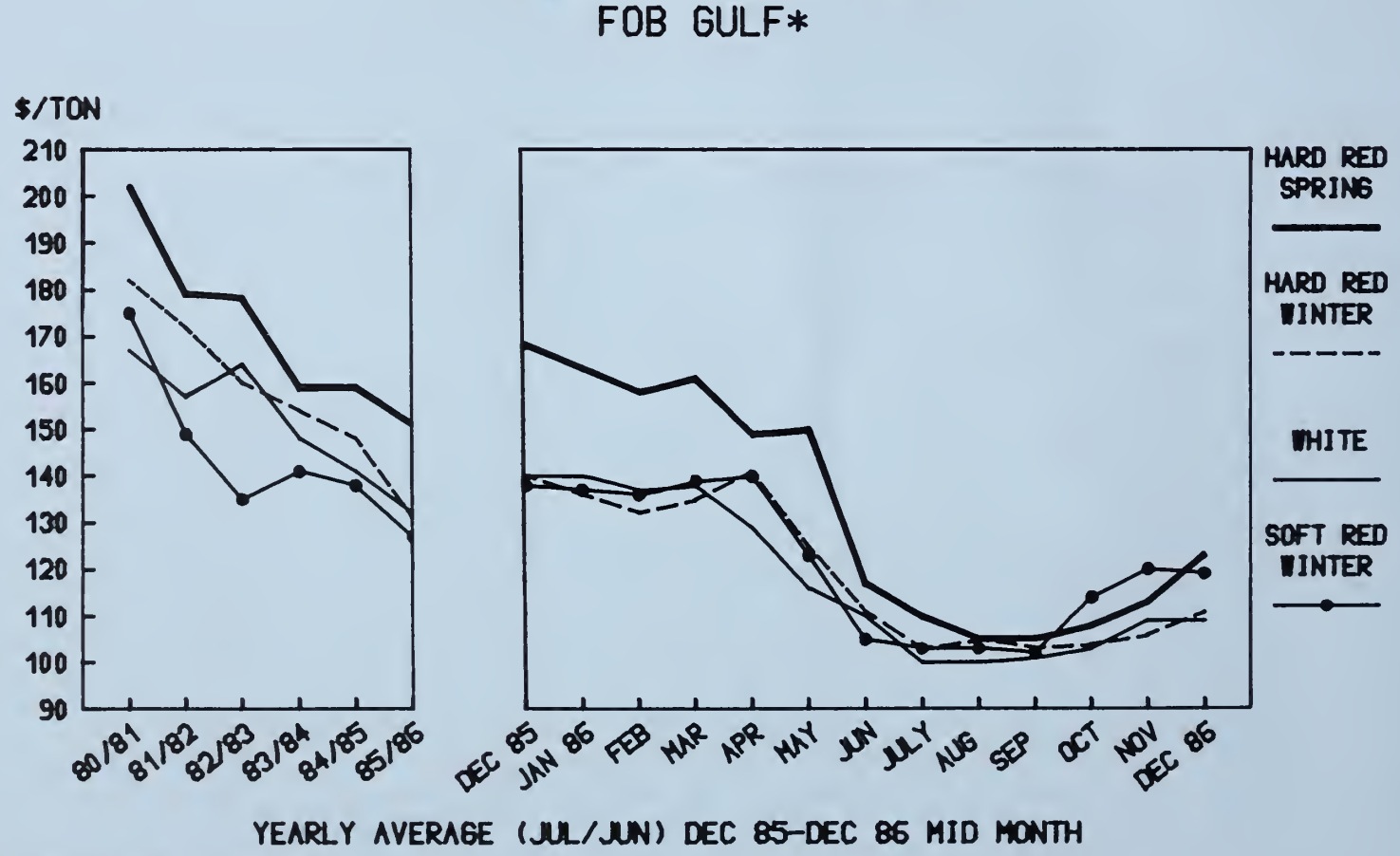
Source: U.S. Export Sales.

SUPPLY and DISTRIBUTION of U.S. WHEAT by CLASS
(MILLION BUSHELS)

Marketing Year beginning June 1	Hard Winter	Hard Spring	Soft Red	White	Durum	Total
1985/86						
Beginning Stocks	717	371	64	173	100	1,425
Production	1,230	460	368	254	113	2,425
Total Supply 1/	1,947	838	432	430	218	3,865
Domestic Use	543	174	204	80	44	1,045
Exports	395	166	149	152	53	915
Total Use	938	340	353	232	97	1,960
Ending Stocks	1,009	498	79	198	121	1,905
1986/87						
Beginning Stocks	1,009	498	79	198	121	1,905
Production	1,019	440	288	237	93	2,077
Total Supply 1/	2,028	942	367	438	217	3,991
Domestic Use	599	192	193	88	58	1,130
Exports	455	170	130	150	70	975
Total Use	1,054	362	323	238	128	2,105
Ending Stocks	974	580	44	200	89	1,887

1/ Includes imports.

SOURCE: World Agricultural Supply and Demand Estimates, No. 200 - December 10, 1986.



* EXCEPT: WHITE WHEAT - FOB PNW
HARD RED SPRING - FOB LAKES (APR THRU NOV),
FOB GULF (DEC THRU MAR)

IMPORTER BUYING ACTIVITY

WHEAT and FLOUR IMPORTER BUYING ACTIVITY
REPORTED between OCTOBER 24, 1986 and DECEMBER 4, 1986 1/

Date of Purchase	Buyer	Origin	Quantity (tons)	Grade 2/	Price Range 3/ ($US per ton)	Delivery Period 4/
11/21	Brazil	Argentina	70,000	Wheat	77.98	Jan/Feb/Mar
11/25	Syria	France	320,000	Wheat	77.95-81.50	Jan
11/26	Taiwan	Canada	14,900	DNS	166.44 C&F	Nov /Dec 7
	Taiwan	U.S.	12,400	HRW	133.28 C&F	Nov/Dec 7
	Taiwan	Canada	6,700	WW	122.08 C&F	Nov/Dec 7
	Turkey	France	100,000	Wheat	67.00	Jan/Apr
12/03	Portugal	Saudi Arab.	30-35,000	Wheat	114.20 C&F	FH-Dec
	Turkey	France	100,000	Wheat	67.00	Jan/Feb/Mar
12/05	S. Korea	Canada	50,000	Feed Wheat	72.72 C&F	Jan LH
12/05	Portugal	U.S.	10,000	HAD	174.75 C&F	Dec FH
12/05	Guyana	U.S.	5,711	HRW	113.63	Dec
12/10	Peru	Argentina	25,000	Wheat	75.42	Jan
	Peru	Argentina	25,000	Wheat	77.85	Feb
	Peru	U.S.	2,000	Wheat	112.98	Jan
12/11	Israel	U.S.	55,000	Wheat	Undisclosed	Jan
12/12	Brazil	Argentina	25,000	Wheat	75.30	Dec-LH
12/17	S. Korea	Canada	50,000	Feed Wheat	72.55 C&F	Jan-LH/Fb-FH
	S. Korea	Australia	50,000	Feed Wheat	62.15	Jan-LH/Fb-FH

1/ Does not include PL-480
2/ HRW=Hard Red Winter, HRS=Hard Red Spring, SRW=Soft Red Winter, HAD=Hard Amber Durum, WW=Western White ASW=Australian Soft White, CWRS=Canadian Western Red Spring, PH=Australian Prime Hard, AH=Australian Hard, GP=Australian General Purpose
3/ FOB unless otherwise noted.
4/ FH denotes first half; LH, last half.

SOURCE: Unofficial market news reports.

DEVELOPMENTS AFFECTING U.S. EXPORTS

Other Exporting Countries' Selling Activity and Competitive Practices

**Summary:

WHEAT SHIPMENTS by MAJOR EXPORTING COUNTRIES
RECENT MONTHS and SEASON TOTALS for 1985/86-1986/87
(JULY/JUNE--MILLION TONS)

	CANADA		AUSTRALIA		ARGENTINA		FRANCE 2/		TOTAL	
For Period Ending 1/	85/86	86/87	85/86	86/87	85/86	86/87	85/86	86/87	85/86	86/87
September 18	2.3	0.6	1.0	1.0	0.3	#	0.6	0.3	4.2	1.9
October 23	2.2	1.5	1.1	0.9	0.4	#	0.8	0.3	4.5	2.7
November 20	1.9	2.1	1.2	1.1	0.5	#	1.0	0.6	4.6	3.8
December 18	1.5	2.1	1.0	1.3	0.5	0.2	1.6	NA		
Cumulative Since July 1 .	10.1	8.5	6.2	6.1	2.4	0.4	4.7	1.4	23.4	16.4
Total for Season 3/.....	16.9	18.0	16.0	14.0	6.1	4.5	9.3	9.0	48.3	45.5

1/ Or nearest date.
2/ Excludes intra-EC trade.
3/ Forecast for 1986/87.

**ARGENTINA MAY ENTER VENEZUELAN WHEAT MARKET: In a desire to become more self-sufficient and to strenghen trade ties with Argentina, officials within the Venezuelan Government are pressing for a proposal mandating the purchase of up to 20 percent of Venezuela's wheat import needs from Argentina and to include domestically produced rice or corn flours in bread or pastas. However, Venezuelan wheat millers oppose such moves due to concerns over quality, protein content, and availability of Argentine wheat. The entry of Argentine wheat, which could amount to around 200,000 tons during 1987, would have a serious impact on U.S. wheat exports to a country currently importing an annual amount of 1.0 million tons of wheat. The United States has traditionally provided over 80 percent of Venezuela's wheat import needs, although recent competition from Canada has eroded U.S. market share.

Estimated Venezuelan Wheat Imports by Origin
(July/June - 1,000 MT)

Country	1982/83	1983/84	1984/85	1985/86
U.S	813	824	728	700
Canada	--	69	294	300
Argentina	--	3	--	--
Others	13	29	6	--
TOTAL	826	925	1,028	1,000

Source: Exporter data.

**EGYPT TO PURCHASE LARGE QUANTITY OF AUSTRALIAN WHEAT: The Egyptian Government has reaffirmed its commitment to purchase 2.0 million tons of Australian wheat during 1987 with the initial delivery of 100,000 tons expected in January. In addition, Australia will provide $25.0 million for the construction of silos. Egypt had signed an agreement with Australia in 1984, for the annual purchase of 2.0 million tons of Australian wheat 1984 through 1989. Although the Egyptian wheat market is an important one for Australia, accounting for 15-20 percent of its total wheat exports, recent intense price competition had cast some doubt on Australia's willingness to accept the low prices prevalent in this market. Under the agreement, the wheat price is subject to review every 4 months.

AUSTRALIA MAKES LARGE WHEAT SALE TO IRAN: The Australian Wheat Board confirmed the sale of 1.0 million tons of wheat to Iran, with shipments scheduled to begin in early 1987. This sale represents an increase from 1985/86 (July/June) when Australia shipped a total of 820,000 tons of wheat to Iran.

With this sale, the AWB claims that it has secured export sales of 8.0 million tons for 1986/87 (Oct./Sept.), and is optimistic of almost reaching the target of 15.0 million for the year, despite the fact that in comparison to sales to date in 1985/86, the pace appears to be significantly slower.

Internal Price Policies of Foreign Countries

**Major Exporters: The latest support prices for the principal world wheat exporters, for their respective marketing years, are listed below. It should be noted that prices are not strictly comparable because U.S., Argentine, and EC prices are on a local delivery point basis, while Australian and Canadian prices are on a coastal location basis and represent their respective marketing boards' initial payments to producers. Prices also are not directly comparable due to quality differences. For example, in terms of quality differentials, the Canadian price is set for No. 1 Canadian Western Red Spring (CWRS), while No. 2 CWRS currently is discounted Can$6 per ton and No. 3 CWRS is discounted Can$14 per ton. No. 1 CWRS has represented about 40 percent of Canadian wheat exports over the past 10 years. EC prices given below are for medium-quality wheat and include monthly incremental storage costs.

Major Grain Exporters': Support Prices for Wheat
(per Metric Ton)

EXPORTER	1985/86 $ U.S. Eq. 1/	1985/86 Local Currency		1986/87 $ U.S. Eq. 1/	1986/87 Local Currency	
U.S. (Loan)	$121	$121	($US)	$88	$88	($US)
Argentina (Reference) .	$81	65	2/	$66	80	2/
Australia (Min. Paymt.)	$102	150	($A)	$87	131	($A)
Canada (Initial Paymt.)	$115	160	($C)	$95	131	($C)
EC-12 (Lower Qual.) 3/	NA	NA	(ECU)	$191	$183	(ECU)
(Intervention) 4/	NA	NA	(ECU)	$200	$192	(ECU)
(Superior Qual.) 5/	NA	NA	(ECU)	$210	$196	(ECU)

1/ $ U.S. equivalent calculated by using the "year to date" exchange rate for each year.
2/ Exchange rate in australs as of January 1986. Caution should be taken when using the local price and its $ U.S. equivalent because of the frequent changes in the support price and the volatility of the Argentine exchange rate.
3/ Support price for feed-quality wheat.
4/ Support price for bread-quality wheat.
5/ Support price for superior-quality wheat. Two percent premium over medium-quality wheat.

**CANADA ANNOUNCES NEW SUBSIDIES FOR GRAIN AND OILSEED PRODUCERS: The Canadian government has decided to provide Can $1.0 billion (US $725 million) in direct subsidies to Canadian farmers, citing the "subsidy war between the United States and the EC" as justification for this action. This means that in addition to the regular minimum payment received by producers (in the case of wheat Can $131/MT or US $95/MT), it is estimated that the average grain farmer will receive about Can $5,000 (US $3,600). This could help keep marginal producers in business by insulating them from rapidly declining world prices and sluggish global demand for agricultural products consequently, the United States may face greater competitive pressures from Canadian exports in the future. Furthermore, the Canadian subsidy program does not obligate farmers to reduce production, in contrast to the deficiency payment scheme in the United States which includes acreage controls. Despite a stagnant world market for grains, Canadian wheat and wheat flour, and barley exports are forecast to expand in 1986/87 by 1.1 million tons (to 18.0 million tons) and 1.7 million tons (to 5.5 million tons), respectively.

**CHINESE POLICY TO STRESS GREATER GRAIN PRODUCTION: Reports from a recent national conference on Chinese grain production held in Beijing, indicate that China will continue to pursue a traditional policy emphasizing increased grain production. While this theme reflects last year's agricultural policy, it appears that despite an expansion in area, grain production did not reach anticipated goals, and therefore the onus is now on farmers to boost yields. To stimulate this action, the Chinese Government is proposing to introduce a number of incentives and some minor reforms, although at present, budgetary limitations seem to preclude an across-the-board rise in producer prices. Nevertheless, some price-stimulative effects may be achieved since the government is proposing to reduce the number of people eligible for state-subsidized grain. Consequently, the increased number of buyers in the free market may put upward pressure on producers prices. Other incentives range from giving grain growers priority in the distribution of state-subsidized fertilizers and diesel oil to improving field management and seed varieties.

Given that the Chinese grain production goal of 425-450 million tons by 1990, which based on the 1986 production figure of 390 million tons (Chinese estimate) would require an annual production increase of 10-15 million tons, this target seems to be unlikely. Nevertheless, it appears that China continues to move towards a freer market structure which may succeed in raising production, and more importantly, grain exports. The need for foreign exchange and the existing infrastructural problems (limited storage and transport capability) would naturally encourage the sale of grains abroad. The United States has already felt the implications of this policy in the Japanese corn market. On the other hand, population growth coupled with a better standard of living, may also lead to greater grain imports.

**JAPAN MAY LOWER INTERNAL WHEAT RESALE PRICE: Although it is anticipated that a reduction in the consumer wheat price charged by the Japanese Government will take place early next year, the magnitude remains uncertain. The Japanese government purchases wheat in the world market and resells it domestically at a much higher price, with the profits used to subsidize internal agricultural policies. However, with the recent climb in the value of the yen and lower world wheat prices, pressure has been building to pass on these differential gains to consumers in the form of lower prices for breads and noodles, thereby expanding domestic demand for wheat products. For the past 3 years (1983-86 July/June) domestic utilization has been stable at 6.2 million tons, with imports supplying about 90 percent of the wheat, of which 55 percent comes from the United States. Therefore, any expansion of domestic utilization would benefit the United States.

OTHER DEVELOPMENTS AFFECTING U.S. EXPORTS

**USSR IMPORT DEMAND PROJECTED TO FALL SHARPLY - AGAIN: A 7-percent increase in the USSR's forecasted wheat production for 1986/87 (July/June) to 87.0 million tons has led to a downward revision in anticipated wheat imports by the USSR by 2.0 million tons to 12.0 million tons. Not since 1979/80 when the USSR imported 12.1 million tons has estimated wheat import demand been so low.

**CHILEAN PURCHASES OF U.S WHEAT DECLINE: The continued imposition of an ad valorem tax on wheat imports, effectively raising the import price of wheat, means that the outlook for U.S. export sales of wheat during 1986/87 (June/May) to Chile will remain bleak, with current U.S. export sales lagging by about 300,000 tons relative to last year. The Chilean wheat import market, which grew to 1.0 million tons, has dropped to an estimated 300,000 tons in 1986/87 (July/June) largely as a result of government policies intended to limit imports and stimulate domestic wheat production. While U.S. wheat exports have traditionally supplied over 80 percent of Chile's wheat needs, supplying 462,000 tons of wheat in 1985/86, U.S. exports to Chile could drop to as low as 100,000 tons in 1986/87.

Current Prices:

U.S. wheat (HRW)	$108/MT FOB
Chile's Minimum Import price	$211/MT
Chile's Farmgate price	$162-$179/MT

Effective rate of duty October 1986 -- 77 percent ad valorem C.I.F.

**TAIWAN SETS WHEAT IMPORT QUOTA FOR 1987: Taiwan has decided in principle that the wheat import quota for 1987 will remain at the 1986 level of 700,000 tons. In 1986, wheat importers were allowed to borrow an additional 80,000 tons from the 1987 quota to be repaid the following year, but this appears unlikely to occur. The basis for the wheat import quotas stem from the Taiwanese Government's desire to protect the domestic rice industry which has been producing a surplus. Consequently, though wheat consumption has been increasing steadily, albeit slowly, its use in noodles and Chinese-style flour foods competes directly with rice, and therefore its supply is limited. Despite some recent wheat purchases from Uruguay and Canada, the United States has been the dominant supplier, providing over 80 percent of Taiwan's annual wheat purchases which for the past 5 years have averaged 700,000 tons.

**EC CONTINUES TO TARGET BRAZILIAN WHEAT MARKET: The result of recent tenders held by Brazil indicate that the EC continues to vie for this wheat market, having offered 400,000 tons of wheat at competitive prices. Although this bid was rejected, possible future EC sales to this market remain a threat to U.S. sales. As reported in last month's circular, the EC has sold 150,000 tons of wheat so far this year (1986/87 July/June), in sharp contrast to only 51,000 tons the previous year.

U.S. EXPORT EXPANSION ACTIVITIES

**EEP Summary:

New EEP Initiative Approvals (Nov. 21-Dec. 18)

Commodity	Country	Quantity
Wheat Flour	Zanzibar	20,000
Wheat	Morocco	790,000

EEP Sale Approvals (Nov. 21-Dec. 18)

Wheat	Egypt	316,000
"	Morocco	500,000
"	Algeria	345,000
Subtotal		1,161,000
Semolina	Algeria	30,000
	TOTAL	1,191,000 MT (1,202,000 MTGE)

Status of the Export Enhancement Program
as of December 18, 1986

Country	Date	Commodity	Amount Offered (MT)	Amount Purchased (MT)
Algeria	June 4, 85	Wheat	1,000,000	1,000,000
	Apr. 10, 86	Wheat	1,000,000	354,000
	Feb. 11, 86	Semolina	250,000	30,000
	Feb. 25, 86	Wheat Flour	100,000	-----
	Apr. 17, 86	Barley	500,000	-----
	Nov. 10, 86	Wheat	300,000	240,000
Benin	Apr. 7, 86	Wheat	45,000	30,000
Cameroon	Oct. 14, 86	Wheat Flour	20,000	-----
Canary Is.	Aug. 8, 86	Wheat	100,000	-----
Cyprus	Aug. 26, 86	Barley	150,000	75,000
Egypt	July 2, 85	Wheat Flour	600,000	600,000
	July 26, 85	Wheat	500,000	500,000
	Oct. 30, 85	Wheat	500,000	512,500
	June 24, 86	Wheat	552,000	529,000
	Aug. 6, 86	Semolina	30,000	15,000
	Aug. 6, 86	Wheat Flour	600,000	-----
	Oct. 8, 86	Wheat	1,000,000	316,000
Iraq	Dec. 9, 85	Wheat Flour	150,000	125,000
Israel	June 17, 86	Barley	200,000	36,200
Jordan	Nov. 8, 85	Rice	40,000	38,700
	Mar. 19, 86	Wheat	75,000	75,000
	June 17, 86	Barley	60,000	-----
	June 20, 86	Wheat	75,000	75,000
Morocco	Sep. 30, 85	Wheat	1,500,000	1,390,000
	Dec. 9, 86	Wheat	790,000	-----
Nigeria	Dec. 10, 85	Barley Malt	100,000	9,400
Philippines	Nov. 15, 85	Wheat Flour	100,000	50,000
	Jan. 7, 86	Wheat	150,000	152,400
	Oct., 86	Barley Malt	60,000	25,000
Romania	Sept. 24 86	Barley	200,000	125,000
Saudi Arabia	May 7, 86	Barley	500,000	500,000
	Aug. 6, 86	Barley	250,000	250,000
	Sept. 16 86	Barley	300,000	300,000
	Oct. 8, 86	Barley	200,000	201,000
Senegal	July 17, 86	Wheat	100,000	100,000
Sri Lanka	May 16, 86	Wheat	125,000	75,000
Tunisia	Mar. 18, 86	Wheat	300,000	300,000
	Aug. 22, 86	Wheat	800,000	250,000
Turkey	Oct. 16, 85	Wheat	500,000	506,600
	May 8, 86	Wheat	500,000	100,000
Venezuela	Sept. 4, 86	Barley Malt	100,000	-----
West Africa	Oct. 30, 86	Wheat	345,000	-----
Yemen	Aug. 20, 85	Wheat Flour	50,000	50,000
	Sep. 6, 85	Wheat	100,000	100,000
	Apr. 14, 86	Wheat Flour	100,000	63,000
	Apr. 14, 86	Poultry Feed	150,000	-----
Yugoslavia	Apr. 10, 86	Wheat	200,000	200,000
	June 24, 86	Wheat	200,000	190,950
	Oct. 7, 86	Wheat	500,000	-----
Zaire	Nov. 18, 85	Wheat Flour	64,000	64,000
	Dec. 27, 85	Wheat	40,000	40,000
	May 15, 86	Wheat	40,000	40,000
	May 15, 86	Wheat Flour	30,000	15,000
	Oct. 10, 86	Wheat	40,000	-----
Zanzibar	Dec. 9, 86	Wheat Flour	20,000	-----

Commodity Totals	Amount Offered (MT)	Amount Purchased (MT)
Wheat	11,377,000	7,076,450
Flour 1/.....	1,834,000	967,000
Semolina	280,000	45,000
Rice	40,000	38,700
Barley Malt 1/	260,000	9,425
Poultry Feed	150,000	-----
Barley	2,360,000	1,487,200
TOTAL	16,301,000	9,623,775

1/ Not in grain equivalent.

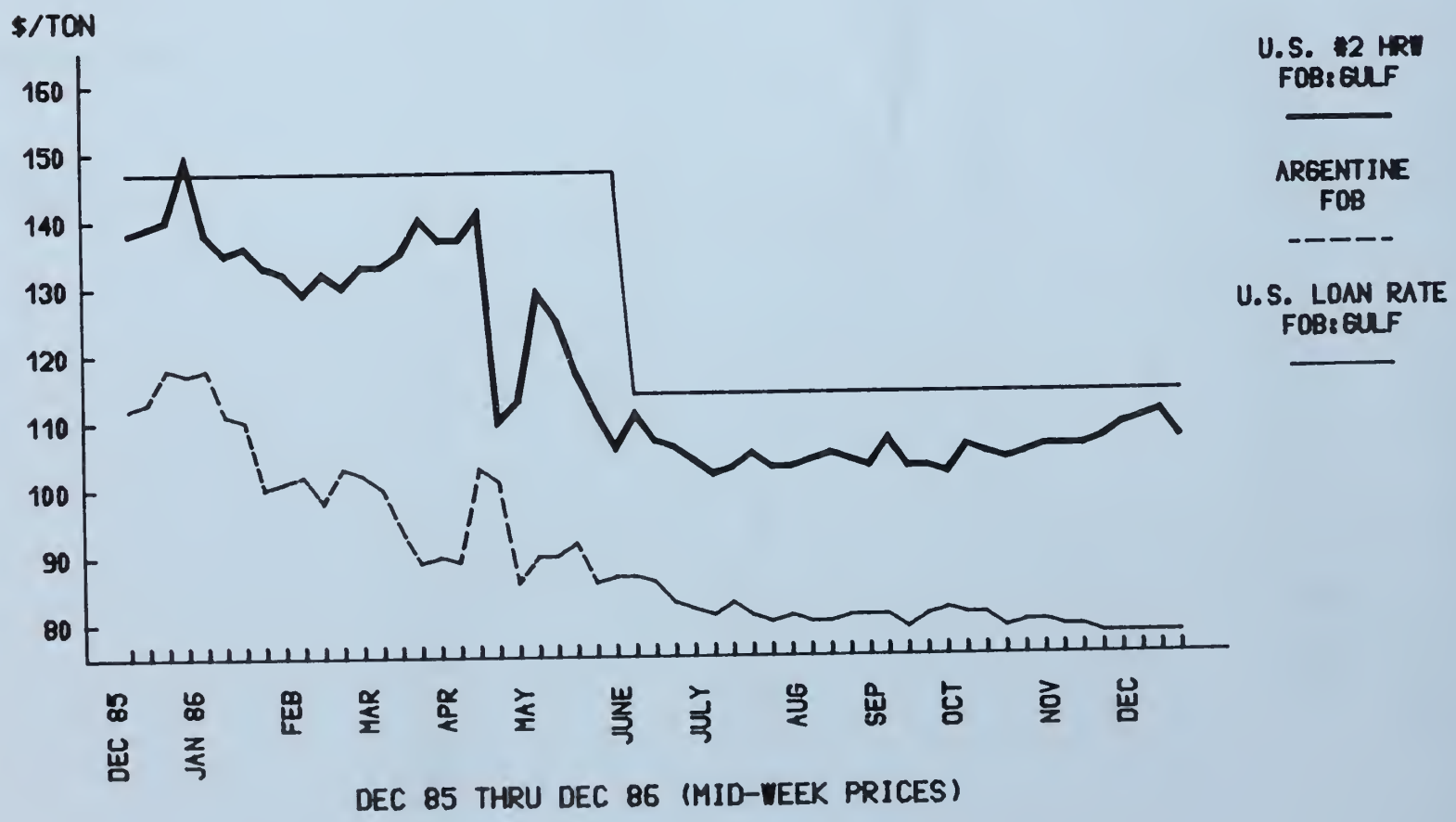
Credit

U.S. WHEAT/FLOUR TRADE WITH SELECTED COUNTRIES
UNDER CCC EXPORT CREDIT GUARANTEE PROGRAM 1/

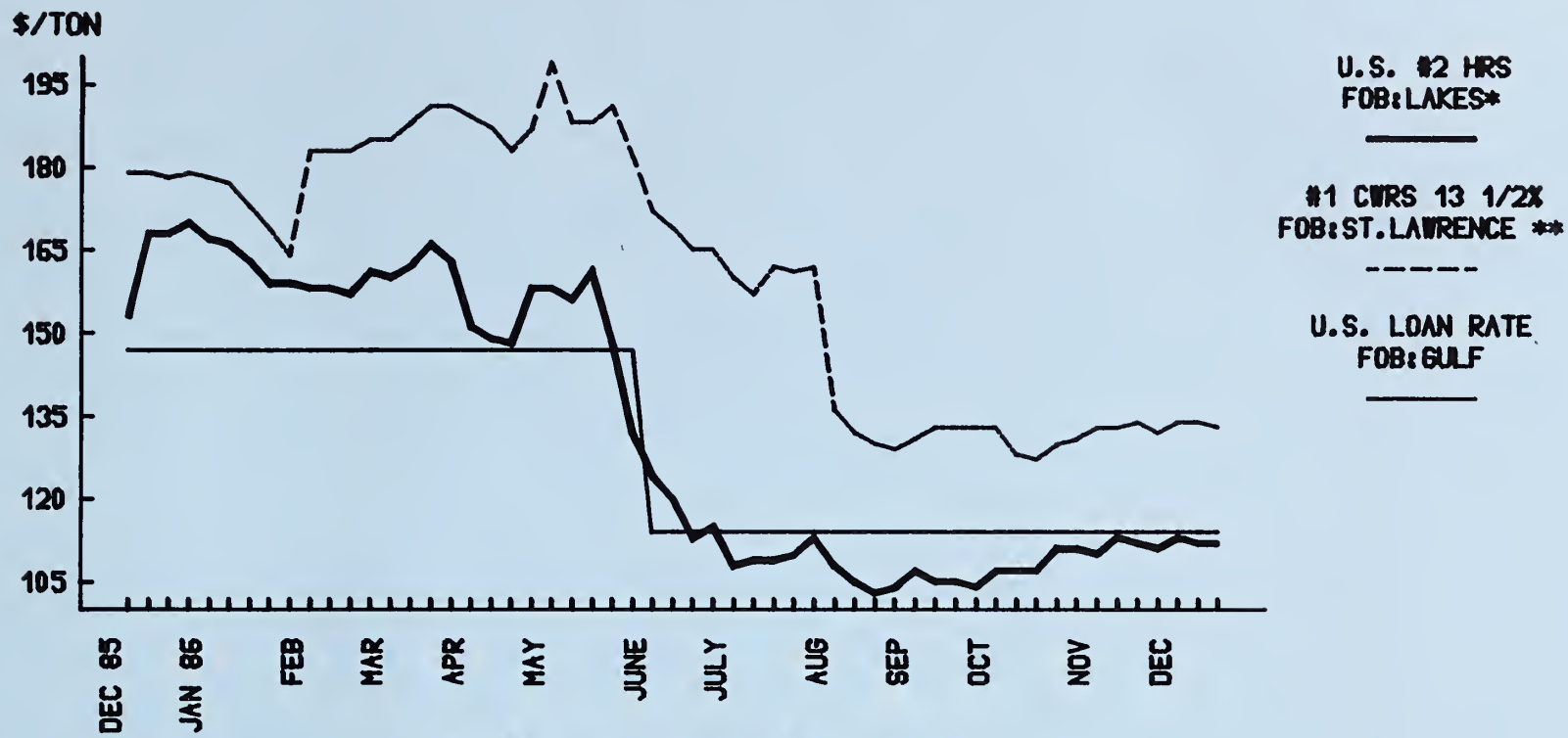
	FY 1986		FY 1987		
	Guarantees Approved	Est. Quantity Shipped	Programs Announced	Programs Approved	Estimated Quantity Purchased 2/
	$ Millions	1,000 Tons	$ Millions	$ Millions	1,000 Tons
Algeria	$44.4	317.1	$197.0	$19.6	178.2
Bangladesh ..	$0.0	--	--	--	0.0
Brazil	$65.9	470.7	$20.0	--	0.0
Chile	$18.9	135.0 4/	$25.0	--	0.0
Colombia	$24.6	175.7	$75.0	--	0.0
Ecuador	$50.4	360.0	$45.0	--	0.0
Egypt	$140.7	900.7 4/	$64.0 4/	$12.9	117.3
Haiti	$5.0	35.7	--	--	0.0
Iraq	$122.2	754.5 4/	$27.0	$9.0	0.0
Jamaica	$1.1	7.9 4/	$25.0	--	0.0
Jordan	$12.4	88.6	--	--	0.0
Korea	$159.1	1,136.4	$145.0	$15.6	141.8
Morocco	$101.2	722.9	$130.0	$13.2	120.0
Portugal	$33.7	240.7	$32.9	--	0.0
Senegal	$0.0	--	$8.5	--	0.0
Tunisia	$34.9	249.3	$50.0	$4.1	37.3
Turkey	$59.2	422.9	$50.0	$6.6	60.0
Yemen	$9.9	70.7 4/	$15.0 4/	$9.8	72.4
TOTAL.....	$883.6	5,771.7	$909.4	$90.8	727.0

1/ Includes GSM-102 as of December 12, 1986.
2/ Estimated quantity purchased with Approved Funds based on $110 per ton for wheat and $190 per ton for wheat flour.
3/ Wheat or feed grains.
4/ Wheat and wheat flour.

HARD RED WINTER WHEAT EXPORT PRICES
U.S. AND ARGENTINE



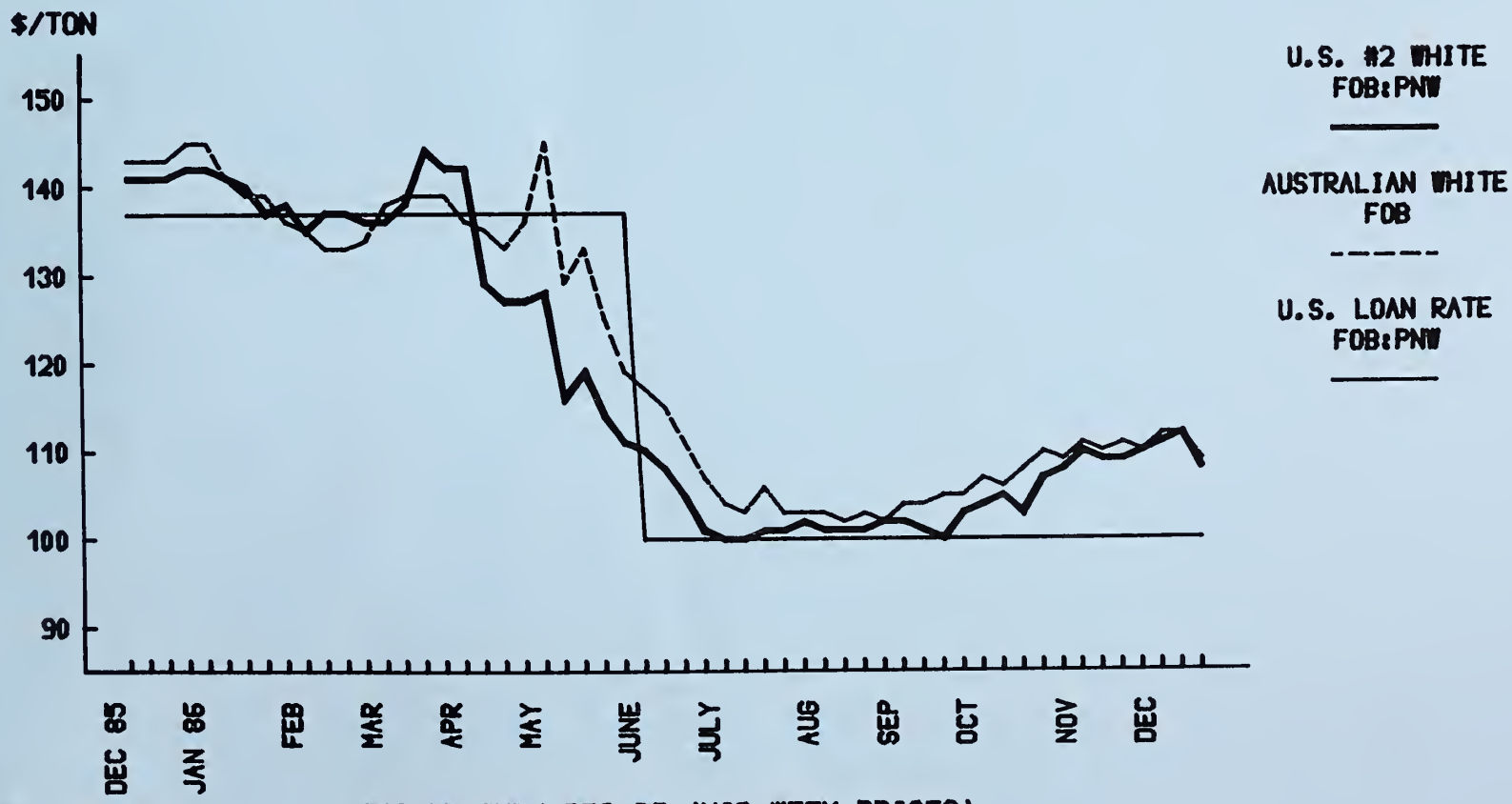
HARD RED SPRING WHEAT EXPORT PRICES
U.S. AND CANADIAN



DEC 85 THRU DEC 86 (MID-WEEK PRICES)

*FOB GULF DURING WINTER MONTHS (DEC THRU MAR)
**FOB ST. LAWRENCE AS OF FEB 1986
FOB THUNDER BAY PRIOR TO FEB 1986

WHITE WHEAT EXPORT PRICES
U.S. AND AUSTRALIAN



DEC 85 THRU DEC 86 (MID-WEEK PRICES)

PL-480

FY 1987 PUBLIC LAW TITLE I/III
COUNTRY AND COMMODITY ALLOCATIONS
DECEMBER 18, 1986

Countries with $790 or Less Per Capita GNP	TOTAL ($Millions)	(1,000 Tons Grain Equivalent) WHEAT/FLOUR	RICE	FEEDGRAINS
Bangladesh ..	$64.0	318.0	14.0	--
Bolivia	$20.0	155.0	--	--
Egypt	$185.0	1,400.0 1/	--	--
El Salvador .	$45.0	147.0	--	--
Ghana	$8.0	--	11.0	--
Guinea	$8.0	--	29.0	--
Haiti	$18.0	116.0	--	--
Honduras	$14.0	109.0	--	--
Indonesia ...	$15.0	116.0	--	--
Kenya	$8.0	62.0	--	--
Liberia	$10.0	--	36.0	--
Madagascar ..	$8.0	--	14.0	--
Morocco	$40.0	310.0	--	--
Mozambique ..	$10.0 2/	31.0	11.0	28.0
Pakistan	$50.0	--	--	--
Senegal	$5.0	--	18.0	--
Sierra Leone	$4.0	16.0	7.0	--
Somalia	$20.0 3/	52.0 1/	18.0	--
Sri Lanka ...	$19.0	147.0	--	--
Sudan	$50.0 4/	378.0 1/	--	--
Yemen	$5.0	--	18.0	--
Zaire	$17.0	93.0	--	--
Zambia	$10.0	39.0	--	--
SUBTOTAL ..	$633.0	3,489.0	176.0	28.0
Countries over $790 Per Capita GNP				
Costa Rica ..	$18.0	124.0	--	19.0
Dominican Rep	$30.0	93.0	--	85.0
Guatemala ...	$19.0	101.0	--	--
Jamaica	$30.0	101.0	21.0	85.0
Peru	$10.0	39.0	11.0	--
Tunisia	$5.0	39.0	--	--
SUBTOTAL ..	$112.0	497.0	32.0	189.0
Total Allocated ...	$745.0	3,986.0	208.0	217.0
Unallocated Reserve	$100.0			
Total Program	$845.0			

1/ All or some portion in wheat equivalent of flour.

U.S. WHEAT EXPORT COMMITMENTS by CLASS to MAJOR DESTINATIONS
TOTAL EXPORTS for 1984/85 - 1985/86; COMMITMENTS to DATE for 1986/87 with COMPARISON to 1985/86
(JUNE/MAY--1,000 TONS)

Destination	Marketing Year	Hard Red Winter	Hard Red Spring	Soft Red Winter	All White	Durum	Total
EC-12	1984/85	340	713	222	--	191	1,466
	1985/86	337	620	162	--	193	1,312
	1985/86*	234	576	162	--	166	1,138
	1986/87**	0	563	118	--	183	864
Other W. Europe	1984/85	168	69	420	--	35	692
	1985/86	496	108	--	6	11	621
	1985/86*	476	71	--	6	4	557
	1986/87**	215	58	--	--	15	288
USSR	1984/85	6,339	--	--	--	--	6,339
	1985/86	153	--	--	--	--	153
	1985/86*	153	--	--	--	--	153
	1986/87**	--	--	--	--	--	0
China	1984/85	105	--	2,630	--	--	2,735
	1985/86	--	--	581	--	--	581
	1985/86*	--	--	581	--	--	581
	1986/87**	--	--	--	--	--	0
Japan	1984/85	1,277	1,034	--	986	10	3,307
	1985/86	1,294	948	--	937	57	3,236
	1985/86*	905	674	--	678	34	2,291
	1986/87**	753	845	--	691	43	2,332
Taiwan	1984/85	299	211	--	145	--	655
	1985/86	284	225	--	147	--	656
	1985/86*	275	202	--	143	--	620
	1986/87**	326	269	--	146	--	741
Rep. of Korea	1984/85	657	225	--	1,094	--	1,976
	1985/86	594	246	3	1,113	--	1,956
	1985/86*	379	148	3	683	--	1,213
	1986/87**	366	182	1	684	--	1,233
Other Asia, Middle East, and Oceania	1984/85	1,998	963	178	1,502	--	4,641
	1985/86	1,783	757	143	1,185	--	3,868
	1985/86*	1,360	500	141	801	349	3,151
	1986/87**	1,267	876	210	989	--	3,342
Egypt	1984/85	--	--	429	1,205	--	1,634
	1985/86	--	--	1,361	130	--	1,491
	1985/86*	--	--	712	55	--	767
	1986/87**	--	--	1,238	124	--	1,362
Nigeria	1984/85	1,324	198	111	--	--	1,633
	1985/86	853	21	83	--	--	957
	1985/86*	732	34	70	--	--	836
	1986/87**	596	119	35	--	--	750
Other Africa	1984/85	421	39	2,012	42	802	3,316
	1985/86	1,507	78	816	--	762	3,163
	1985/86*	791	66	1,747	--	348	2,952
	1986/87**	1,839	96	763	--	1,048	3,746
Brazil	1984/85	3,075	--	67	--	--	3,142
	1985/86	722	--	--	--	--	722
	1985/86*	722	--	--	--	--	722
	1986/87**	673	--	--	--	--	673
Other W. Hemis.	1984/85	1,951	1,261	432	159	282	4,085
	1985/86	1,493	1,182	586	2	231	3,494
	1985/86*	1,355	913	515	2	168	2,953
	1986/87**	1,258	1,090	304	72	295	3,019
Total 1/	1984/85	17,952	4,713	6,500	5,149	1,420	35,734
	1985/86	9,514	4,203	3,735	3,521	1,341	22,314
	1985/86*	7,526	3,185	3,248	2,398	805	17,162
	1986/87**	7,677	4,097	2,635	3,031	1,685	19,125
MY Projection 2/		12,383	4,627	3,538	4,082	1,905	26,535

1/ Discrepancies due to rounding, sales to unknown destination, and Eastern Europe.
2/ Projections for 1986/87, including flour and products.
* Sales plus accumulated exports as of December 18, 1985, excluding sales for next marketing year.
** Sales plus accumulated exports as of December 18, 1986, excluding sales for next marketing year.

SOURCE: U.S. Export Sales.

LATEST U.S. EXPORT FORECAST, SHIPMENTS, AND SALES

Export Forecast: The U.S. corn export forecast for 1986/87 (Sept./Aug.), as of December 10, was dropped by 13 percent (4.4 million tons) to 28.6 million tons - the lowest level since 1974/75 and 9 percent below last year. The problem remains that the United States as the residual supplier of corn tends to absorb a larger proportion of any loss in global trade, which is now forecast to be 4.2 million tons less than the previous year. While this decline has been due to lower Soviet import demand as well as increased competitor corn exports, it has been exacerbated by the greater use of substitutes such as feed-quality wheat. The sorghum forecast was also dropped by 700,000 tons to 4.4 million tons, which is only a marginal improvement relative to 1985/86 (Oct./Sept.).

Shipments and Sales: The weak demand for corn in the world is reflected in the low monthly shipment figure of 2.6 million tons and in the fact that total cumulative shipments are now lagging by 3.1 million tons in comparison to last year to date figures. Similarly, the cumulative sales figure for 15.7 million tons is 6.9 million tons less than last year-to-date sales, reinforcing the poor outlook for 1986/87 corn exports. Major purchasers of U.S. corn during the past month were Japan, 790,000 million tons and Taiwan, 597,000 tons.

U.S. CORN and SORGHUM SHIPMENTS, SALES, and INSPECTIONS
(SEPTEMBER/AUGUST--MILLION TONS)

------ Monthly SHIPMENTS ------

For Period Ending	CORN 85/86	CORN 86/87	SORGHUM 85/86	SORGHUM 86/87
Sept 18	1.8	1.6	0.5	0.2
Oct 23	2.8	3.5	1.8	0.5
Nov 20	4.4	2.8	0.4	0.4
Dec 18	4.8	2.6	0.2	0.4
MY Cumulative	13.0	9.9	1.8	1.5

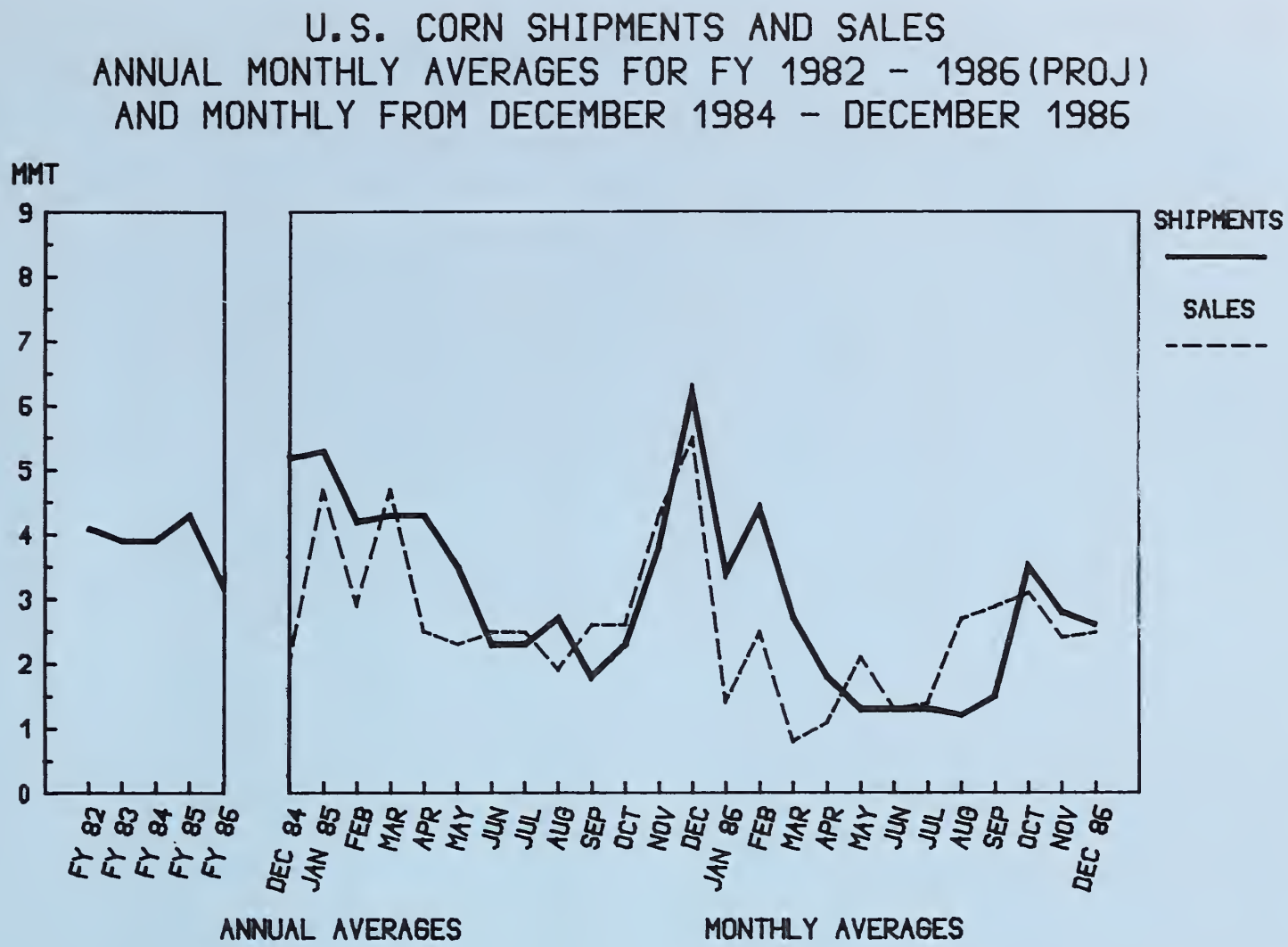
------ Monthly SALES 1/ ------

For Period Ending	CORN 85/86	CORN 86/87	SORGHUM 85/86	SORGHUM 86/87
Sept 18	2.6	2.9	0.3	0.4
Oct 23	6.8	2.4	1.3	0.4
Nov 20	4.3	2.4	0.3	0.5
Dec 18	4.8	2.5	0.3	0.3
MY Cumulative 2/	22.6	15.7	2.8	2.2

Weekly and Annual INSPECTION Rates

Week Ending	CORN MT	CORN BU	SORGHUM MT	SORGHUM BU
November 27	0.5	18.5	0.0	1.5
December 4	0.9	35.8	0.1	4.6
December 11	0.7	28.4	0.1	3.5
December 18	0.7	27.6	0.2	7.2
Cumulative Since Begin MY ...	10.0	395.1	1.6	61.1
Official Estimate for 1986/87 (Grain only)	28.1	1,108	4.4	175
Implied Weekly Average	0.5	21.3	0.1	3.4
Weekly Average for Latest Six Weeks	0.7	27.2	0.1	4.6
Marketing Year-to-Date Weekly Average	0.6	24.7	0.1	3.8
MY Year-to-Date Extrapolated Annually	32.6	1284	5.0	199
Weekly Average Required During Remainder of MY to Achieve Official Estimate ...	0.5	19.8	0.1	3.2
Weeks Remaining	36			

1/ Sales made since the beginning of the applicable marketing year, including sales for shipment in the next marketing year.
2/ Monthly figure and cumulative includes carry-over from previous year.



U.S. CORN and SORGHUM EXPORT COMMITMENTS to MAJOR DESTINATIONS
(SEPTEMBER/AUGUST) -- 1,000 TONS) 1/

Destination:	1983/84 Total Exports	1984/85 Total Exports	1985/1986 Total Exports	1985/1986 Committed as of 12/18/85	1986/87 Committed as of 12/18/86
-- CORN --					
EC-12	8,256	5,838	3,569	2,285	816
Other W. Europe	187	88	26	23	16
Eastern Europe	684	570	1,003	735	296
USSR	6,122	14,560	6,376	5,660	0
China	0	0	1	0	267
Japan	14,165	11,632	8,922	6,167	5,150
Taiwan	3,013	2,968	2,748	1,773	2,155
Rep. of Korea .	3,018	1,467	1,239	920	1,208
Egypt	1,240	1,348	1,539	756	1,186
Canada	260	427	319	54	210
Mexico	2,908	1,668	1,567	1,035	988
Brazil	131	209	1,062	803	1,124
Others	8,265	6,591	4,182	2,306	2,353
TOTAL	48,249	47,366	31,496	22,517	15,769
-- SORGHUM --					
Spain	332	178	15	0	0
Other W. Europe (excl. Spain)	135	98	28	27	64
Japan	1,348	2,273	2,412	1,961	1,550
Israel	604	510	423	200	168
Mexico	2,873	2,226	358	13	195
Venezuela	263	909	905	297	0
Others	620	1,206	337	266	262
TOTAL	6,175	7,400	4,478	2,764	2,239

1/ Accumulated shipments and sales, excluding sales for next marketing year.

SOURCE: U.S. Bureau of Census and U.S. Export Sales.

IMPORTER BUYING ACTIVITY

RECENT CORN and SORGHUM IMPORTER BUYING ACTIVITY
REPORTED between NOVEMBER 21, 1986 and DECEMBER 18, 1986 1/

Date of Purchase	Buyer	Origin	Quantity (tons)	Grade 2/	Price Range 3/ ($US per ton)	Delivery Period 4/
11/21	S. Korea	U.S.	55,000	# 2 YC	90.62 C&F	Dec-LH
	Taiwan	U.S.	54,000	Corn	92.07 C&F	Dec 7-17
	Taiwan	U.S.	33,000	Corn	94.84 C&F	Dec 7-17
11/25	S. Korea	S. Africa	40,000	Corn	89.94 C&F	Jan
11/26	Peru	U.S.	25,000	#2 YC	78.30	Dec-FH
12/03	Mexico	U.S.	139-148,000	#2 YC	75.30	Dec-LH
12/05	Peru	U.S.	25,000	#2 YC	78.34	Dec
12/10	Peru	U.S	25,000	#2 YC	77.36	Jan
12/11	S. Korea	U.S.	55,000	#2 YC	88.59	Dec 25-Jan 15
12/16	Egypt	U.S.	241,000	#2 YC	73.28-74.08	Jan
	Maylasia	Thailand	4,000	Thai Corn	85.00	Jan
	Singapore	Thailand	6,000	Thai Corn	85.00	Dec/Jan
12/17	S. Korea	U.S.	50,000	Corn	84.19 C&F	Jan-LH/Feb-FH
	S. Korea	U.S.	50,000	Corn	75.52 C&F	Jan-LH/Feb-FH

1/ Does not include PL-480 sales.
2/ YC=#3 Yellow Corn unless otherwise stated, and YS=Yellow Sorghum
3/ FOB unless otherwise noted.
4/ FH denotes first half; LH, last half.
5/ WHSE denotes in warehouse.

SOURCE: Unofficial market news reports.

DEVELOPMENTS AFFECTING U.S. EXPORTS

Other Exporting Countries' Selling Activities and Competitive Practices

CORN and SORGHUM SHIPMENTS by MAJOR EXPORTING COUNTRIES
RECENT MONTHS and SEASON TOTALS for 1984/85-1986/87
(OCTOBER/SEPTEMBER--MILLION TONS)

	- SORGHUM -		CORN					
	ARGENTINA		ARGENTINA		THAILAND		TOTAL	
For Period Ending 1/	85/86	86/87	85/86	86/87	85/86	86/87	85/86	86/87
October 23	0.1	0	0.2	0.3	0.4	0.2	0.7	0.5
November 20	0.1	0	0.1	0.2	0.4	0.3	0.6	0.5
December 18	0.1	0	0.2	0.2	0.3	0.4	0.6	0.6
Cumulative Since October 1	0.3	0.1	0.5	0.6	1.1	0.8	1.9	1.5
Total for Season 2/	2.2	1.3	7.4	8.0	3.7	2.9	13.3	12.2

1/ Or nearest date.
2/ Forecast for 1986/87
- Less than 0.1, N/A - Data not available.

**EC SEEKS TO LIMIT IMPACT OF CHINESE MANIOC AND SWEET POTATOES: Though the EC commission proposed to increase by 17 percent the annual import tariff quota for Chinese manioc up to 350,000 tons and permit 600,000 tons of sweet potatoes to be imported duty-free during the next 3 years (1987-1980), EC member states rejected the proposal. As it stands, it appears that no sweet potatoes will be allowed into the EC in 1987, while a limited amount of manioc from China and Vietnam, 62,500 and 12,500 tons, respectively, will be permitted during the first 3 months of the year. The rejection of the proposal seems to be spurred by fears of EC grain producers of the substitutive effects that non-grain feed ingredients (NGFI's) have for regular feed grains. Any decline in the use of NGFI's within the EC means less displacement of traditional feedgrains, consequently exportable grain supplies to third countries will decline, reducing competition with the United States.

Competitive Developments in Selected Foreign Countries

**MEXICO LIKELY TO PURCHASE LESS U.S. CORN AND SORGHUM: The recent reported sales of 40,000 tons of Canadian feed wheat and 100,000 tons of Australian feed wheat to Mexico reflect the competitive edge feed wheats are attaining in what was traditionally a coarse grain market supplied almost entirely by the United States. Although relative to 1985/86 (Oct./Sept.), U.S. corn exports to Mexico in 1986/87 are expected to remain at around 2.2 million tons out of a total 2.5 million tons forecast to be imported, U.S. sorghum exports could decline, since roughly 95 percent of the sorghum is used for feed purposes and is highly susceptible to low-priced feed wheat competition. The utilization figures below clearly demonstrates a trend towards greater use of feed-quality wheat, with its use as a feed now running at record levels. In contrast, over 95 percent of the corn in Mexico is used for human consumption, which is far less likely to be replaced by other grains.

Estimated Utilization of Grain for Feed in Mexico

Year	Wheat (July/Aug)	Corn (Oct/Sept)	Sorghum (Oct/Sept)
	1,000 tons		
1982/83	600	1,000	6,000
1983/84	600	200	6,100
1984/85	800	200	6,200
1985/86	1,100	200	5,425
1986/87 1/	1,300	200	5,100

1/ Forecast.
Source: USDA

**OUTLOOK FOR U.S. CORN EXPORTS TO JAPAN DIM: The U.S. market share of Japanese coarse grain imports has declined from 74 percent in 1982/83 to 56 percent in 1985/86. This comes in spite of a Japanese coarse grain import market which has been growing at a steady pace from 18.7 million tons in 1982/83 to 21.5 million tons in 1985/86, with most of the expansion occurring in the use of sorghum. In particular there has been significant drop in U.S. corn shipments to Japan which, having reached a record 14.3 million tons in 1983/84 (Oct./Sept.), fell sharply by 34 percent to 9.5 million tons in 1985/86. Over the same period competitor activity picked up. China began exporting corn, and radically expanded its share of the Japanese corn import market by 2.8 million tons. South Africa, recovering from a protracted drought, resumed former production levels and shipping 1.0 million tons in 1985/86. Argentina, reaping record corn harvests and seeing the USSR fade away as a major purchaser of corn, shifted its attention to Japan, selling 1.1 million tons in 1985/86.

Since the world market for corn is expected to shrink again in 1986/87, competitive pressures existing in 1985/86 will probably continue to build, perhaps further reducing U.S. corn sales to Japan in 1986/87. One positive factor is that competition from Thai corn in the Japanese market will apparently continue to be limited. During recent negotiation with Japanese importers, the prices offered by Thai corn export organizations were reportedly rejected as being about $20/ton too high; another factor may have been some continuing Japanese concern over the possible presence of Aflatoxin in Thai corn.

Japanese Coarse Grain Imports
(Oct./Sept. - Million tons)

Coarse Grains	1982/83	1983/84	1984/85	1985/86
Corn	14.5	14.5	14.0	14.6
Sorghum	2.7	4.2	4.6	5.1
Barley	1.3	1.6	1.7	1.5
Rye	0.1	0.3	0.3	0.2
Oats	0.1	0.1	0.1	0.1
TOTAL	18.7	20.7	20.7	21.5
From U.S.	13.9	16.0	14.0	12.0
% U.S.	74.3	77.3	67.6	55.8

Estimated Japanese Corn Imports by Origin
(Oct./Sept. - Million tons)

Country	1982/83	1983/84	1984/85	1985/86	+-Change 1983/84 and 1985/86
U.S.	12.7	14.3	11.4	9.5	-4.8
China	--	0.1	2.0	2.8	+2.7
S. Africa	1.5	--	--	1.0	+1.0
Argentina	--	0.1	0.4	1.2	+1.1
Others	0.3	--	0.2	0.1	+0.1
TOTAL	14.5	14.5	14.0	14.6	
% U.S.	87.6	98.6	81.4	65.1	

Source: Exporter data.

Internal Price Policies of Foreign Countries

**ZIMBABWE REDUCES SUPPORT PRICES FOR CORN: In a bid to curb costly surpluses and in response to sharply falling world prices, the Government of Zimbabwe has lowered the price support level corn growers will receive for the 1986 crop harvest. While in the past, corn growers received Z$180/ton ($110/ton) for all their corn crop, for the 1987/88 marketing year they will continue to receive the same level of support but for only 50 percent of the crop. The remainder is eligible for a lower price of Z$100/ton ($61/ton).

The problem for Zimbabwe stems from the lack of domestic storage facilities and the dearth of export markets in neighboring countries, particularly South Africa, which in 1985/86 (July/June) accounted for 40 percent (200,000 tons) of Zimbabwe's total corn exports. South Africa has now recovered from a severe drought and is itself expected to export 2.0 million tons in 1986/87. This leaves Zimbabwe the choice of exporting overseas, but being a landlocked country that route is prohibitively expensive. For example, having paid a producer $110/ton under the old price levels, the government must then spend $50-$55/ton for rail transport to the port of Durban (South Africa), and then sell it at a world market price of around $80-$90/ton, for a net loss of $70-$80/ton.

Due to the timing of this major policy change, that is after the planting of the 1987 crop, it is unlikely that Zimbabwean exports for 1986/87 (Oct./Sept.), currently estimated at 500,000 tons, will be affected. Nevertheless, the longer term outlook logically points to a decrease in corn production and export, and since Zimbabwe presently imports wheat, there may be greater emphasis on wheat production.

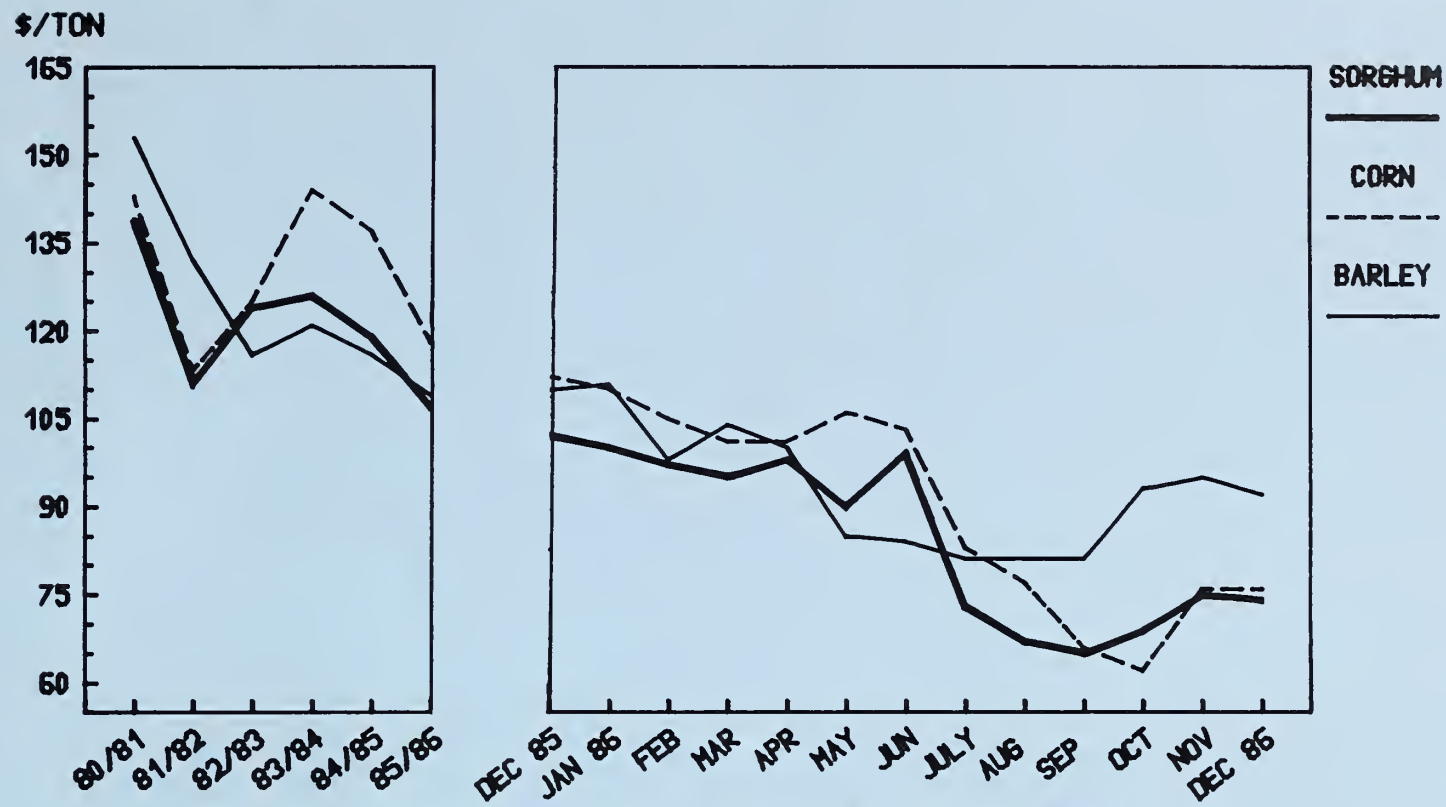
** CANADIAN COUNTERVAILING DUTY CASE - UPDATE: In a move designed to close off a loophole in the applicability of the countervailing duty (CVD), the Revenue Canada (customs and excise) has redefined what constitutes corn as a product. Since the imposition of a $1.05 per-bushel duty on imported U.S. corn by Canada on November 7, it appears that by the simple processing of U.S. corn, importers could circumvent the duty. However, the duty will now apply to those products where the constituent parts of corn comprise at least two-thirds of the product by weight. This would include such products where the kernel is whole, cracked, crushed, ground, etc.

U.S. EXPORT EXPANSION ACTIVITIES

**Export Credit Guarantees GSM-102:

Country	Commodity	Announced ($ million)	Approved ($ million)
Algeria	Corn	70.0	0
Chile	Feedgrains	25.0	0
Ecuador	Feedgrains	4.0	0
Egypt	Feedgrains	16.0	0
El Salvador	Corn	0.5	0.5
Guatemala	Feedgrains	1.0	0
Iraq	Corn	15.0	0
Jordan	Feedgrains	15.0	0
Korea	Feedgrains	40.0	8.2
Mexico	Feedgrains	320.0	13.3
Portugal	Feedgrains	82.1	0
Turkey	Feedgrains	20.0	0
Yemen	Feedgrains	3.0	0
TOTAL		611.6	22.0

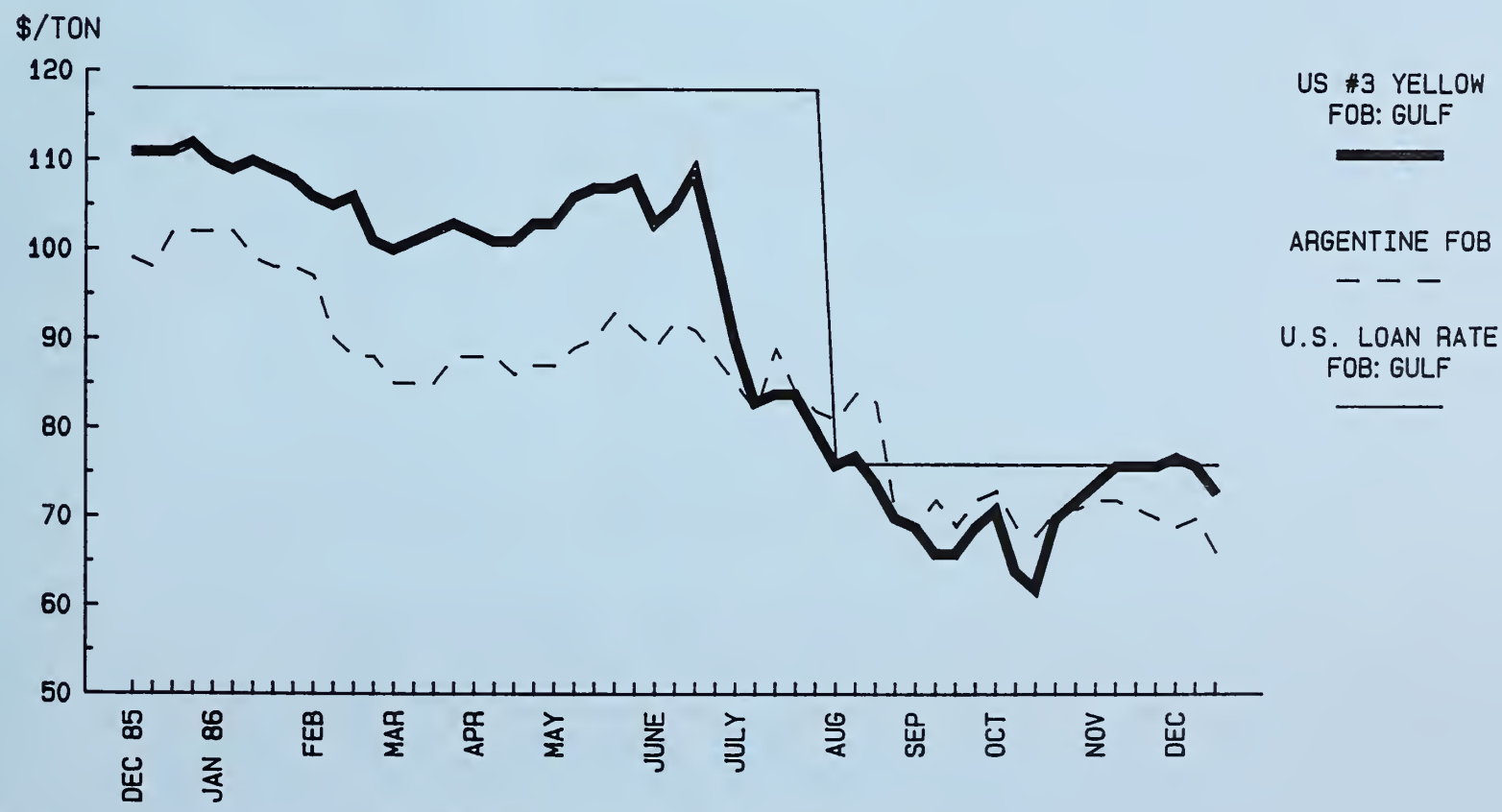
U.S. FEED GRAIN EXPORT PRICES FOB GULF EXCEPT FOB PNW FOR BARLEY



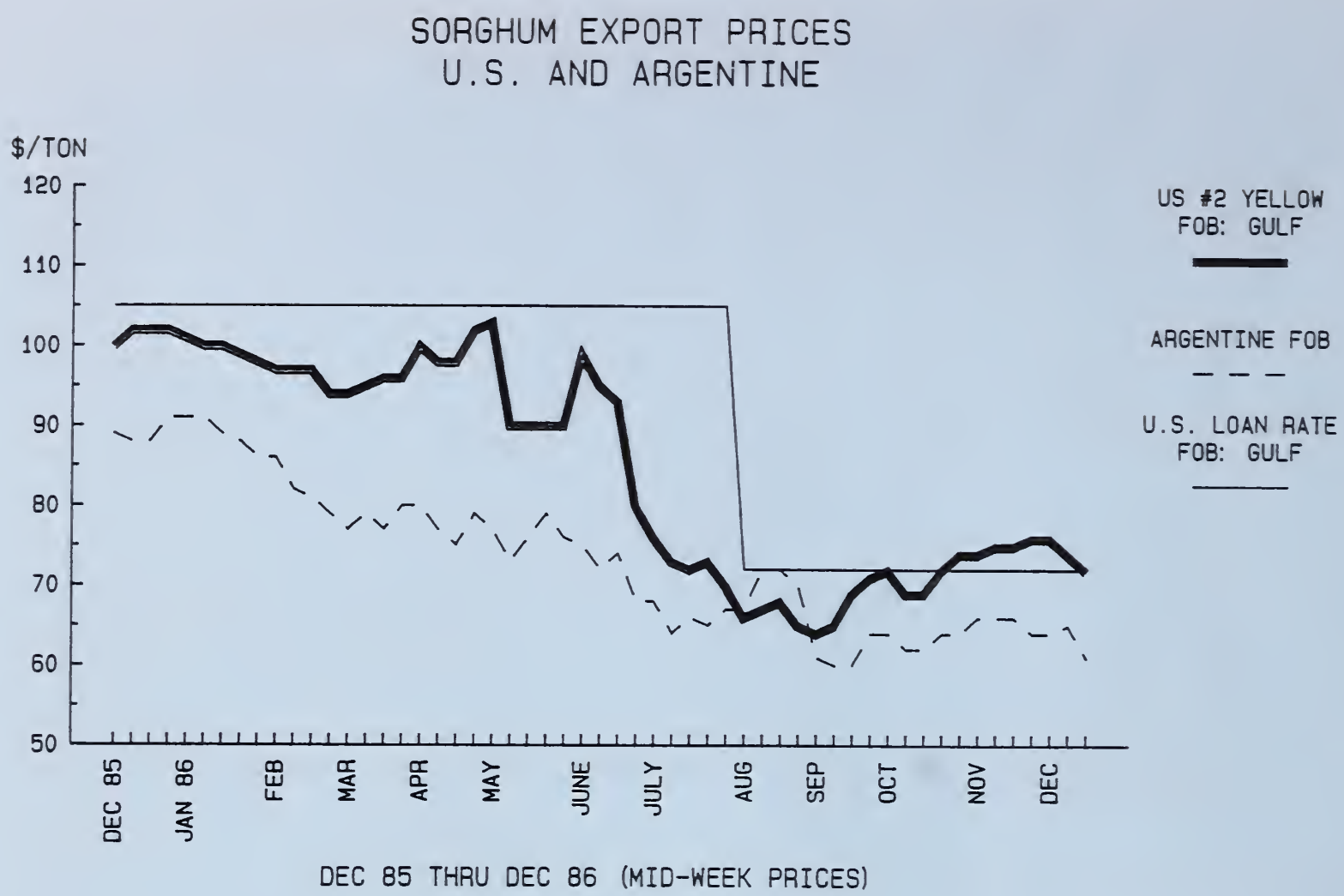
YEARLY AVE. (OCT/SEP)* DEC 85-DEC 86 MID MONTH

* YEARLY AVE. FOR BARLEY 80/81-82/83 (JUN/MAY)

CORN EXPORT PRICES U.S. AND ARGENTINE



DEC 85 THRU DEC 86 (MID-WEEK PRICES)



Supporting Data for Cover Story
Estimated Feed Use of Imported Wheat 1/
(July-June Trade Years, Million Metric Tons)

1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	Forecast 1986/87
0.51	0.51	0.51	0.87	1.47	1.65	3.80

Notes:
1/ Feed use of imported wheat for USSR, Mexico, South Korea, and Philippines.
Source: Prepared or estimated on the basis of official statistics of foreign governments, other foreign source materials, reports of U.S. agricultural attaches and foreign officers, results of office research and related information.

BARLEY, OATS, AND RYE

Export Forecast: The 1986/87 (June/May) U.S. barley, oats, and rye export forecast, as of December 10, remains unchanged from the previous month.

Shipments and Sales:

U.S. EXPORTS
(June/May - 1,000 MT)

Grain	1984/85	1985/86 1/	1986/87 2/
Barley	1,676	479	2,177
Oats	15	29	29
Rye	10	5	13

1/ Estimated. 2/ Projected.

U.S. BARLEY EXPORT COMMITMENTS to MAJOR DESTINATIONS
(JUNE/MAY -- 1,000 TONS) 1/

Destination	1983/8 Total Exports	1984/85 Total Exports	1985/86 Total Exports	1985/86 Committed as of 10/23/85	1986/87 Committed as of 10/23/86
Saudi Arabia	29	0	42	42	1,216
EC-12	375	86	--	--	--
Other W. Europe	88	44	--	--	36
Eastern Europe	112	--	60	60	131
Taiwan	223	208	74	100	76
Japan	343	272	153	125	34
Others	764	949	100	84	61
TOTAL.....	1,934	1,559	429	411	1,554

1/ Accumulated shipments and sales, excluding sales for next marketing year.

SOURCE: U.S. Bureau of Census and U.S. Export Sales.

DEVELOPMENTS AFFECTING U.S. EXPORTS

Other Exporting Countries' Selling Activities and Competitive Practices

BARLEY SHIPMENTS by MAJOR EXPORTING COUNTRIES
RECENT MONTHS and SEASON TOTALS for 1984/85-1986/87
(OCTOBER/SEPTEMBER--MILLION TONS)

	- Canada -		-France 2/		-- U.K. --		-- TOTAL --	
For Period Ending 1/	85/86	86/87	85/86	86/87	85/86	86/87	84/85	85/86
October 23	0.4	0.5	0.3	0.2	0.1	#	0.8	0.7
November 20	0.2	0.7	0.2	N/A	0.2	N/A	0.6	0.7
December 18	0.1	0.6	0.2	N/A	0.3	N/A	0.6	0.6
Cumulative Since October 1	0.7	1.6	0.7	N/A	0.6	N/A	2.0	1.6
Total for Season 2/	4.8	5.5	2.3	2.0	1.9	1.5	9.0	9.0

1/ Or nearest date.
2/ Excludes intra-EC trade.
3/ Forecast for 1986/87
- Less than 0.1, N/A - Data not available.

U.S. EXPORT EXPANSION ACTIVITIES

**EEP Summary: During the past month, 5,000 tons of barley malt was approved for Nigeria.

Barley Export Enhancement Program - Status as of December 18, 1986
(Oct./Sept. - 1,000 MT)

Country	Programs Announced	Sales Approved 1985/86	Sales Approved 1986/87
Algeria	500	--	--
Cyprus	150	25	50
Israel	200	36	--
Jordan	60	--	--
Rumania	200	--	125
Saudi Arabia	1,250	885	366
TOTAL	2,360	946	541

Source: USDA.

QUANTITY and VALUE of U.S. GRAIN and FEED COMMODITY EXPORTS
IN FISCAL YEAR 1986 with COMPARISON to the PRECEDING YEAR

COMMODITY	SEPT. FY 85	SEPT. FY 86	CUMULATIVE OCT THRU AUG FY 85	CUMULATIVE OCT THRU AUG FY 86	ACTUAL EXPORTS FY 85	PROJECTED EXPORTS FY 86
WHEAT (grain only)						
Quantity (1000 tons).....	2,364	3,121	26,557	22,841	28,524	25,700
Value Per Ton (dollars).....	$140	$108	$151	$130	$149	$130
Value (in million dollars)....	$331	$338	$3,998	$2,968	$4,263	$3,341
FLOUR						
Quantity (1000 tons).....	45	240	960	1,498	1,070	1,700
Value Per Ton (dollars).....	$156	$96	$167	$128	$200	$124
Value (in million dollars)....	$7	$23	$160	$191	$214	$210
CORN (grain only)						
Quantity (1000 tons).....	2,307	1,282	44,248	29,103	46,276	30,685
Value Per Ton (dollars).....	$115	$90	$125	$107	$125	$107
Value (in million dollars)....	$266	$115	$5,550	$3,127	$5,771	$3,285
SORGHUM (grain only)						
Quantity (1000 tons).....	408	238	6,728	3,751	7,549	3,950
Value Per Ton (dollars).....	$113	$80	$117	$96	$115	$95
Value (in million dollars)....	$46	$19	$789	$361	$868	$375
BARLEY, OATS, AND RYE (grain only)						
Quantity (1000 tons).....	113	270	1,181	503	1,202	700
Value Per Ton (dollars).....	$97	$78	$124	$89	$122	$89
Value (in million dollars)....	$11	$21	$146	$45	$147	$62
TOTAL COARSE GRAINS (grain only)						
Quantity (1000 tons).....	2,828	1,790	52,157	33,357	55,027	35,335
Value Per Ton (dollars).....	$114	$87	$124	$106	$123	$105
Value (in million dollars)....	$323	$155	$6,485	$3,533	$6,786	$3,722
RICE (grain only)						
Quantity (1000 tons).....	174	365	1,693	1,859	1,908	2,000
Value Per Ton (dollars).....	$322	$230	$356	$304	$354	$300
Value (in million dollars)....	$56	$84	$603	$566	$676	$600
PULSES						
Quantity (1000 tons).....	27	27	393	418	425	450
Value Per Ton (dollars).....	$444	$407	$463	$452	$461	$449
Value (in million dollars)....	$12	$11	$182	$189	$196	$202
OTHER GRAIN PRODUCTS						
Quantity (1000 tons).....	97	95	1,309	1,215	1,411	1,300
Value Per Ton (dollars).....	$299	$274	$275	$253	$241	$255
Value (in million dollars)....	$29	$26	$360	$308	$340	$331
FORAGE, HAY, MIXED FEED AND GRAIN BYPRODUCTS						
Quantity (1000 tons).....	575	788	5,858	7,423	7,500	8,000
Value Per Ton (dollars).....	$150	$146	$151	$152	$152	$152
Value (in million dollars)....	$86	$115	$884	$1,125	$1,140	$1,215
TOTAL VOLUME (in thousand tons)	6,110	6,426	88,927	68,611	95,865	
TOTAL VALUE (in million dollars)	$844	$752	$12,672	$8,880	$13,615	$9,621

SOURCE: U.S. Bureau of Census.

U.S. WHEAT, CORN, SORGHUM, BARLEY, OATS, AND RYE SUPPLY/DISTRIBUTION
MILLION BUSHELS/MILLION ACRES

	Beginning Stocks	Harvested Area	Yield	Production	Imports	Exports	Feed Usage	Total Domestic Use
Wheat								
1976/77	666	70.9	30.3	2,149	3	950	75	755
1977/78	1,113	66.7	30.7	2,046	2	1,124	192	859
1978/79	1,178	56.5	31.4	1,776	2	1,194	158	837
1979/80	924	62.5	34.2	2,134	2	1,375	86	783
1980/81	902	71.1	33.5	2,381	3	1,514	60	783
1981/82	989	80.6	34.5	2,785	3	1,771	135	847
1982/83	1,159	77.9	35.5	2,765	8	1,509	195	908
1983/84	1,515	61.4	39.4	2,420	4	1,429	369	1,111
1984/85	1,399	66.9	38.8	2,595	10	1,425	405	1,154
1985/86	1,425	64.7	37.5	2,425	14	915	273	1,044
1986/87	1,905	60.5	34.3	2,077	10	975	350	1,130
1987/88	1,887							
Corn								
1976/77	633	71.5	88.0	6,289	3	1,657	3,590	4,133
1977/78	1,136	70.6	92.1	6,505	3	1,909	3,717	4,298
1978/79	1,436	71.9	101.0	7,268	1	2,124	4,264	4,872
1979/80	1,710	72.4	109.5	7,928	1	2,415	4,549	5,189
1980/81	2,034	73.0	91.0	6,639	1	2,408	4,157	4,875
1981/82	1,392	74.6	108.9	8,119	1	2,010	4,169	4,966
1982/83	2,537	72.7	113.2	8,235	1	1,834	4,521	5,416
1983/84	3,523	51.5	81.1	4,175	3	1,902	3,818	4,793
1984/85	1,006	71.9	106.7	7,674	4	1,865	4,116	5,170
1985/86	1,648	75.1	118.0	8,865	11	1,241	4,116	5,245
1986/87	4,038	69.0	119.3	8,223	3	1,125	4,200	5,350
1987/88	5,789							
Sorghum								
1976/77	49	14.5	49.0	711	-	254	449	459
1977/78	47	13.8	56.6	781	-	223	436	447
1978/79	157	13.4	54.5	731	-	190	540	552
1979/80	146	12.9	62.6	807	-	330	494	506
1980/81	118	12.5	46.3	579	-	293	336	347
1981/82	57	13.7	64.0	876	-	260	416	427
1982/83	247	14.1	59.1	835	-	210	475	485
1983/84	387	10.0	48.7	488	-	245	412	422
1984/85	287	15.3	56.4	866	-	297	539	557
1985/86	300	16.7	66.7	1,113	-	178	655	684
1986/87	551	13.5	66.7	900	-	175	575	605
1987/88	671							
Barley								
1976/77	128	8.4	45.6	383	11	66	172	330
1977/78	126	9.7	44.0	428	9	57	177	333
1978/79	173	9.2	49.2	455	10	26	217	384
1979/80	228	7.5	50.9	383	12	55	204	376
1980/81	192	7.3	49.7	361	10	77	174	349
1981/82	137	9.0	52.4	474	10	100	198	372
1982/83	148	9.0	57.2	516	11	47	241	411
1983/84	217	9.7	52.3	509	7	92	283	452
1984/85	189	11.2	53.4	599	10	77	304	474
1985/86	247	11.5	51.0	591	9	22	333	500
1986/87	325	12.4	50.0	600	5	100	300	475
1987/88	355							
Oats								
1976/77	205	11.8	45.9	540	2	10	490	573
1977/78	164	13.5	55.6	753	2	12	509	594
1978/79	313	11.1	52.3	582	1	13	525	603
1979/80	280	9.7	54.4	527	1	4	492	568
1980/81	236	8.7	53.0	459	1	13	432	506
1981/82	177	9.4	54.2	510	2	7	454	530
1982/83	152	10.3	57.8	593	4	3	441	526
1983/84	220	9.1	52.6	477	30	2	466	544
1984/85	181	8.2	58.0	474	34	1	433	508
1985/86	180	8.2	63.7	521	28	2	461	544
1986/87	183	7.5	54.9	384	30	2	400	485
1987/88	109							
Rye								
1976/77	4	0.7	21.4	15	-	-	5	15
1977/78	4	0.7	24.4	17	-	-	7	17
1978/79	4	0.9	26.0	24	-	-	8	19
1979/80	9	0.9	25.7	22	-	2	7	17
1980/81	12	0.7	24.6	16	-	8	7	16
1981/82	4	0.7	26.6	18	-	2	8	18
1982/83	3	0.7	28.9	20	3	-	10	20
1983/84	6	0.9	30.3	27	2	1	12	22
1984/85	11	1.0	33.1	33	1	1	14	24
1985/86	20	0.7	28.8	21	2	1	10	20
1986/87	22	0.7	27.1	18	1	1	12	22
1987/88	19							

Notes: Commodity Years As Follows: June/May-Wheat, Barley, Oats and Rye; August/September-Corn and Sorghum.
Total supply may not equal total demand due to rounding.
"-" Denotes zero.

Source: World Agricultural Supply and Demand Estimates No. 200, December 10, 1986

U.S. Wheat Programs

	1985 Program		1986 Program		1987 Program	
	Equivalent Export Price 1/ ($/Ton)	Farm Price ($/Bu)	Equivalent Export Price 1/ ($/Ton)	Farm Price ($/Bu)	Equivalent Export Price 1/ ($/Ton)	Farm Price ($/Bu)
Trigger Release Price	---- ----	$4.45	---- ----	$4.45	---- ----	----
Target Price	$187 ----	$4.38	$187 ----	$4.38	$187 ----	$4.38
Loan (Reserve)	---- ----	----	---- ----	----	---- ----	----
National Loan	$147 ----	$3.30	$114 ----	$2.40	$109 ----	$2.28
Season Average Producer Price	$142 ----	$3.16	$107-114 ----	$2.20-2.40	---- ----	----
Farm Price 2/	---- ----	----	$113 ----	$2.37	---- ----	----
				$2.00		
Paid Diversion	---- ----	$2.70	---- ----	$1.10	---- ----	----

1/ Estimated equivalent, adjusted from $/Bu at the farm level by including transportation and handling allowances of $ .70 per bushel.
2/ ASCS 5-day moving average as of December 18, 1986.

U.S. Corn Programs

	1985 Program		1986 Program		1987 Program	
	Equivalent Export Price 1/ ($/Ton)	Farm Price ($/Bu)	Equivalent Export Price 1/ ($/Ton)	Farm Price ($/Bu)	Equivalent Export Price 1/ ($/Ton)	Farm Price ($/Bu)
Trigger Release Price	---- ----	$3.25	---- ----	----	---- ----	----
Target Price	$137 ----	$3.03	$18 ----	$3.03	$137 ----	$3.03
Loan (Reserve)	---- ----	$2.55	---- ----	----	---- ----	----
National Loan	$118 ----	$2.55	$93 ----	$1.92	$89 ----	$1.82
Season Average Producer Price	$110 ----	$2.35	$71-$83 ----	$1.35-$1.65	---- ----	----
Farm Price 2/	---- ----	----	$76 ----	$1.47	---- ----	----
Paid Diversion	---- ----	----	----	$0.73	----	$2.00

1/ Estimated equivalent, adjusted from $/Bu at the farm level by including transportation and handling allowances of $ .45 per bushel.
2/ ASCS 5-day moving average as of December 18, 1986.

U.S. EXPORT FORECAST, SHIPMENTS, AND SALES 1/

Export Forecast: The calendar year 1986 forecast is unchanged at 2.3 million tons. The forecast for the 1986/87 marketing year is unchanged at 2.6 million metric tons, compared to 1.9 million tons for 1985/86. The export forecast for calendar 1987 was decreased to 2.5 million tons, to reflect expected sluggish sales in the early part of the new year.

Shipments and Sales: U.S. rice exports totaled 162,300 tons for the 4-week period ending December 18, about the same level as the 168,300 tons exported for the previous 4-week period. Major destinations included Iraq, Jordan, the Dominican Republic, and the European Community. U.S. cumulative shipments for the 1986/1987 marketing year (August/July) totaled 1,198,900 tons through December 18, up markedly from the 782,800 tons shipped during the same period a year ago. In the 4-week period ending December 18, reported new sales were 178,600 tons, up substantially from the previously reported 4-week total of 98,500 tons. Export commitments for the current marketing year now total 1,573,000 tons, compared to 1,008,900 tons for the same period last year.

1/Shipments and sales are on a product basis.

Weekly U.S. Rice Exports
(Metric Tons)

Week Ending	Actual Exports	Net New Sales
Nov 27	57,200	24,100
Dec 4	61,300	84,100
Dec 11	27,800	65,700
Dec 18	16,000	4,700

U.S. RICE EXPORT COMMITMENTS BY CLASS TO MAJOR DESTINATIONS

(AUGUST/JULY - 1,000 MT)

Destination	Marketing Year 4/	Long Grain Milled	Long Grain Brown 2/	Other 1/ Milled	Other 1/ Brown	Total Exports
EC 12	1983/84	29	192	2	70	293
	1984/85	10	209	7	98	331
	1985/86	*	162	2	--	164
	1986/87	1	175	6	--	182
Other W. Europe	1983/84	23	35	3	138	199
	1984/85	27	31	4	63	125
	1985/86	23	29	2	--	54
	1986/87	17	26	15	11	69
Iraq	1983/84	230	--	2	--	232
	1984/85	429	15	1	--	445
	1985/86	480	--	--	--	480
	1986/87	307	--	--	--	307
Saudi Arabia	1983/84	253	--	6	--	259
	1984/85	239	--	6	--	245
	1985/86	150	--	2	--	152
	1986/87	99	--	1	--	100
Other Middle East	1983/84	40	--	12	--	52
	1984/85	41	--	5	--	46
	1985/86	9	--	40	--	49
	1986/87	36	11	32	--	79
Asia & Oceania	1983/84	3	--	140	112	255
	1984/85	3	--	99	--	102
	1985/86	2	--	12	152	166
	1986/87	1	--	73	--	74
Nigeria	1983/84	63	--	--	--	63
	1984/85	*	--	--	--	--
	1985/86	--	--	--	--	--
	1986/87	--	--	--	--	--
Other Africa	1983/84	95	150	136	--	381
	1984/85	116	65	278	11	476
	1985/86	172	51	144	10	378
	1986/87	116	31	29	11	187
Western Hemisphere	1983/84	156	24	109	14	303
	1984/85	137	49	13	19	217
	1985/86	172	95	10	14	290
	1986/87	230	270	58	19	577
Total 3/	1983/84	900	401	408	338	2,047
	1984/85	985	389	422	190	1,998
	1985/86	1,009	407	210	176	1,802
	1986/87	807	512	213	41	1,573

* Less than 500 tons.
1/ Includes short, medium, and mixed.
2/ Data not converted to a milled equivalency, and includes rough rice.
3/ Discrepancies due to rounding and changes to unknown destinations.
4/ 1986/87 year includes August 1 through December 18
SOURCE: U.S. Export Sales Report

IMPORTER BUYING ACTIVITY

The pace of importer purchasing activity increased in December, as Peru, the Soviet Union, Iran, and Iraq entered the market for large volumes of rice. Peru purchased 82,000 tons from a variety of sources, the Soviet Union bought 30,000 tons from Thailand (probable destination is Cuba), and Iran reportedly purchased 100,000 tons from Pakistan and at least 30,000 tons from Thailand. Some trade sources report Iran purchased as much as 120,000 tons from Thailand in December. Iraq purchased 105,000 tons of rice in late November/early December from the United States.

**Iraq: The Iraqi Grain Board purchased 105,000 tons of U.S. #2/4 percent broken long grain rice in the past month at prices of about $220 per ton FOB. United States rice exports to Iraq in CY 1986 total about 370,000 tons through mid-December. Current commitments on a marketing year (Aug/July) basis are 307,000 tons.

**Peru: ECASA, the State Food Agency of Peru, completed its announced rice purchasing plans for CY 1986, purchasing a total of 82,000 tons in late November/early December. The purchases reportedly included 20,000 tons of U.S. grade #4/25 percent broken rice at $214 per ton C&F. ECASA purchased 37,000 tons from North Korea (which will reportedly be of Thai origin) at about $205 C&F for 15 and 25 percent broken rice. Additionally, ECASA reportedly purchased 15,000 tons of unspecified quality rice at $204 C&F from Ecuador, and 10,000 tons of long grain 15-20 percent broken rice at $187.50 C&F.

SELECTED RECENT RICE IMPORTER BUYING ACTIVITY
REPORTED BETWEEN NOVEMBER 26 AND DECEMBER 24, 1986

BUYER	ORIGIN	QUANTITY 1,000 TONS	QUALITY 1/	PRICE $/MT 2/	DELIVERY PERIOD	DATE OF REPORT
Angola	Thailand	10,000	25%	154.00 C&F	N/A	12-2
Cameroon	Thailand	20,000	5%	172.00	Dec	12-9
Iran	Thailand	30,000	100% B	180.00	N/A	12-2
Iran	Pakistan	50,000	Punjab 6%	179.00	Jan/Mar	12-19
Iran	Pakistan	50,000	Sind 6%	169.00	Jan/Mar	12-19
Italy	Thailand	8,500	100% B	172.45 Bulk	Dec	12-9
Italy	Thailand	1,000	5%	172.45 Bulk	Dec	12-9
Ivory Coast	Thailand	10,000	35%	138.50	N/A	12-2
Senegal	Thailand	60,000	A-1	N/A	Jan/Mar	12-19
Syria	Thailand	12,000	100% B	168.00	Feb	12-19
Tanzania	Thailand	2,500	5%	170.00	N/A	12-9
USSR (Cuba)	Thailand	30,000	15%	153.00	N/A	12-16

1/ P = Parboiled, LG = Long Grain, MG = Medium Grain, SG = Short Grain, Br = Brown, F = Fragrant, L/Bld = Long Boiled, F.Bld = Full Boiled, Gl = Glutinous, S = Super, Spec = Special.

2/ F.O.B. basis unless otherwise indicated. Price information is in many cases unconfirmed and as reported through

These recent buys bring total rice purchases by Peru in CY 1986 to 285,000 tons, including 62,000 tons from the United States. This quantity excludes 100,000 tons purchased from China which will come under the 1987 import plan. Peruvian imports are expected to reach 260,000 tons in CY 1986, and at least 200,000 tons in CY 1987.

MAJOR EXPORTERS

**Thailand: Thailand exported 207,021 tons of rice over the 4-week period ending December 16, down marginally from the previously reported 4-week period exports of 215,802 tons. Calendar year exports through December 16 were 4,142,208 tons, an increase of about 7 percent over the same period in calendar year 1985. Export commitments apparent for calendar year 1986, as of December 16, were 4,236,261 tons.

Thailand and Senegal signed an agreement whereby Senegal will pay about $133 per ton for A-1 Special broken rice and Thailand will buy 60,000 tons of fertilizer. Delivery is set for Jan/Mar 1987.

Thai Weekly Exports
(Metric Tons)

Week Ending	Actual Exports
Nov 25	65,292
Dec 2	58,567
Dec 9	43,830
Dec 16	39,332

The export and paddy rice policies of the Thai Government appear to continue in a state of flux. The announced "Revolving Loan Fund" for rice mills has been underutilized, as only $5 million of the $200 million program has been used thus far. Another program designed to aid rice farmers is expected to be implemented soon, whereby elgible producers will be able to obtain low interest loans using their crop as collateral. The program is expected to assist about 200,000 farmers with $200 million.

In another development, the Department of Foreign Trade is expected to soon purchase 60,000 tons of rice from exporters in an effort to bolster prices. They also plan to help strengthen paddy prices through an aggressive export effort, targeting 500,000 tons of exports in January, 400,000 tons in both February and March, and 300,000 tons in April.

**Burma: Burma has reportedly exported 39,036 tons of rice in October, bringing exports for the 10 months of 1986 to 541,848 tons. Major destinations were Senegal and Vietnam. Burma is expected to export 600,000 tons of rice in CY 1986. Market activity has been slow the past month. The government has reportedly released substantial quantities of high-quality Emata 15 percent broken rice for domestic consumption, demonstrating the government's new policy of increasing the quality of rice available to consumers. This will probably further limit the volume of high-quality Burmese rice available for export.

**Pakistan: Pakistan reportedly exported 69,448 tons of rice in November, bringing CY 1986 total rice exports to about 1,158,000 tons. Pakistan is expected to export 1.2 million tons of rice in CY 1986. The Rice Export Corporation of Pakistan (RECP) reportedly sold 100,000 tons of high-quality rice to Iran for shipment January through March. This latest purchase will likely fall under the 250,000 tons Iran has agreed to purchase from RECP in 1987. Reportedly, the RECP will begin holding tenders on a weekly basis to take offers on quantities of rice from 5,000 to 20,000 metric tons beginning January 1, 1987.

OTHER DEVELOPMENTS AFFECTING U.S. EXPORTS

Prices posted by the Thai Board of Trade remained steady for most grades of rice after falling by $5 per ton in early December. Prices for 100 percent grade B are now quoted at $210 per ton FOB, compared to $215 in November, and $210 in October. Actual export prices for 100 percent grade B have decreased to $170-$172 per ton FOB, with quotes reportedly dipping to the $160's. This price level compares with $175 per ton last month, and about $180 during October. Last year, 100 percent grade B was selling for about $200 per ton FOB.

On the Rotterdam market, U.S. #2/4 percent broken long grain rice averaged about $290 per ton C&F during the past month. Prices for Thai 100 percent B (bulk) averaged about $215 per ton during December, down about $5 per ton from the previous month. U.S. bulk brown rice averaged about $182 per ton C&F during December, while Thai brown rice averaged about $181 C&F.

U.S. EXPORT EXPANSION ACTIVITY

**GSM-102: Total credit lines for elgible countries for FY 1987 are $65 million, which includes: Iraq $25 million; Jordan $15 million; Mexico $10 million; Turkey $10; and the Yemen Arab Republic $5 million. Iraq has already used $24 million of its GSM-102 credit so far in FY 1987.

**PL-480: The final Congressional budget allocations for PL 480 for FY 1987 total $68 million, which includes a $10 million carry-in from FY 1986 for the Dominican Republic.

PL-480 TITLE I/III CONGRESSIONAL BUDGET PRESENTATION
FOR RICE, FY 1987

COUNTRY	AMOUNT (MILLION $)
Bangladesh	4.0
Ghana	3.0
Guinea	8.0
Jamaica	6.0
Liberia	10.0
Madagascar	4.0
Mozambique	3.0
Peru	3.0
Senegal	5.0
Sierra Leone	2.0
Somali Republic	5.0
Yemen	5.0
TOTAL	58.0

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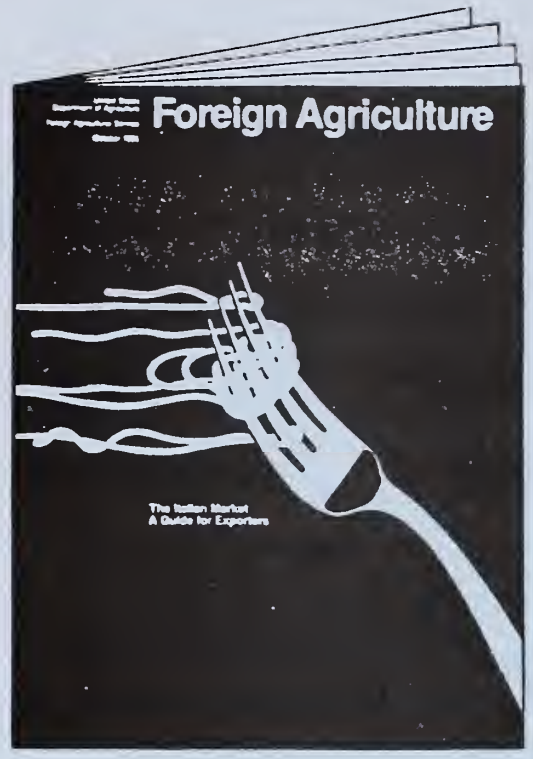

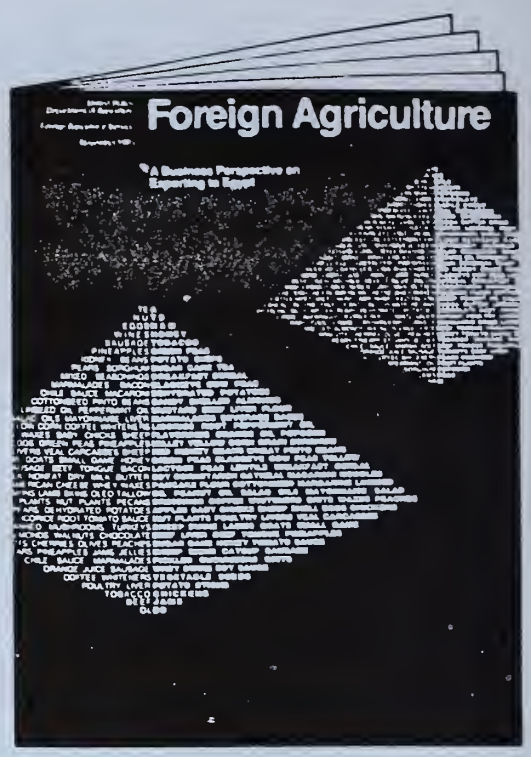

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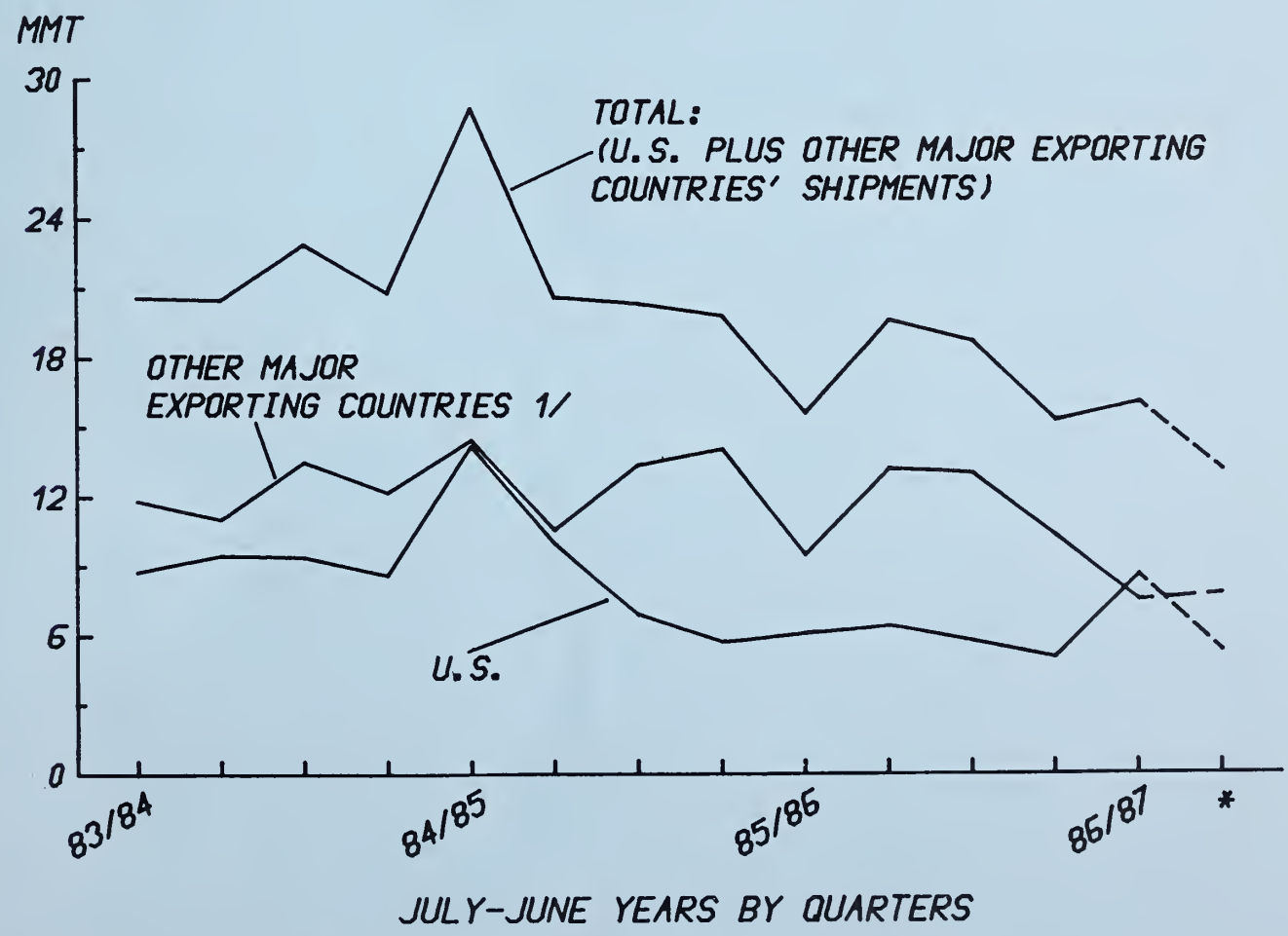
Export Markets for U.S. Grain and Products

The pace of U.S. wheat export shipments has diminished considerably in recent weeks. This month's cover graph provides perspective on the size of the reduction and how it relates to shipments by competing countries and foreign demand in total.

Following the lowering of U.S. export prices associated with sharp reductions in the 1986 price support loan rate, U.S. wheat exports rose very sharply, and the July-Sept quarter was larger than any since late 1984. At the same time, there was noticeable reduction in shipments by competing countries, as their total was the lowest for any quarter in a number of years. Also, the total flow of grain to importing countries appeared to be showing signs of recovery based on the July-Sept shipment data. However, the pace of shipments thus far during the Oct-Dec quarter suggests that these developments may have been only temporary. Instead, with recent indications of lower forecasts of total world import needs in 1986/87, and strong indications of severe price competition from other major exporting countries, prospects for recovery of U.S. export volume over the next six to nine months appear very limited.

QUARTERLY EXPORTS OF WHEAT:
U.S. AND OTHER MAJOR EXPORTING COUNTRIES
MILLION METRIC TONS



1/ CANADA, AUSTRALIA, ARGENTINA AND FRANCE.
* OCT-DEC QUARTER DATA FOR 1986/87 ARE ESTIMATES, BASED ON SHIPMENTS TO DATE.

Supporting data on page 17.

Approved by the World Agricultural Outlook Board - USDA

EXPORT MARKETS FOR U.S. GRAIN AND FEED PRODUCTS
November 28, 1986

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HIGHLIGHTS

Significant developments affecting U.S. grain and feed exports this month:

-- The U.S. wheat export forecast for 1986/87 (June/May) was decreased by 1.4 million tons to 27.9 million tons, while the U.S. corn export forecast has been decreased by 2.6 million tons to 33.0 million tons.

-- The USSR import demand forecast for wheat and corn for 1986/87 has been reduced significantly.

-- Increasing quantities of South African corn means increasing competition in the Far Eastern markets of Taiwan and South Korea.

-- The availability of Thai rice for export in 1987 may be reduced due to a combination of low stocks and a smaller rice crop in 1986/87.

-- Canada has decided to impose a countervailing duty on all imported U.S. corn.

-- The EC continues to aggressively market its surplus wheat crop in a number of new and traditional markets.

-- Imports of EC corn under the U.S.-EC interim compensation agreement total a disappointing 87,000 tons.

-- Australia sold a 1.5 million tons of wheat to China, ensuring Australia retains a major share of the import market.

-- The lower quality of the Canadian wheat crop harvested in 1986 relative to 1985, means increased exports of Canadian feed wheat will compete with U.S. feedgrains.

WHEAT

LATEST U.S. EXPORT FORECAST, SHIPMENTS AND SALES

Export Forecast: The U.S. wheat export forecast for 1986/87 (June/May), as of November 10, was decreased by 5 percent (1.4 million tons) from the previous month to 27.9 million tons. The decline in export prospects was mainly due to expectations of increased competition from other exporters as they seek new markets because of reduced import demand in the USSR. Nevertheless, the current export forecast for wheat is 12 percent ahead of previous year shipments which totaled 24.9 million tons.

Shipments and Sales: During the 4-week period ending November 20, U.S. wheat shipments were at their lowest level since the beginning of the marketing season, down 60 percent over the previous month bringing total shipments to 14.0 million tons. Brazil (319,000 tons), Algeria (249,000 tons), and Japan (217,000 tons) were the leading destinations for shipments.

To give a better perspective of U.S. wheat export performance relative to 1985/86, a graph plotting both years shipment rates is included. The relative improvement of U.S. wheat exports in the first 6 months of the marketing year, appear to have been largely due to the Export Enhancement Program (EEP). This assertion is supported by comparing previous year destinations by region with this year's destinations. It is apparent the Mediterranean area, in particular Algeria, Yugoslavia, Egypt, and Tunisia, are taking nearly nearly 2.0 millions tons of extra wheat relative to last year. These countries are all major EEP destinations. In contrast, significant declines have occurred in China, Portugal, and Chile.

U.S. WHEAT SHIPMENTS, SALES, and INSPECTIONS
(JUNE/MAY--MILLION TONS)

Monthly SHIPMENTS

For Period Ending	1985/86	1986/87
Aug 21	2.2	3.5
Sept 18	1.7	2.5
Oct 23	2.8	3.2
Nov 20	1.9	1.3
Cumulative for MY..	11.8	14.0

Monthly SALES 1/

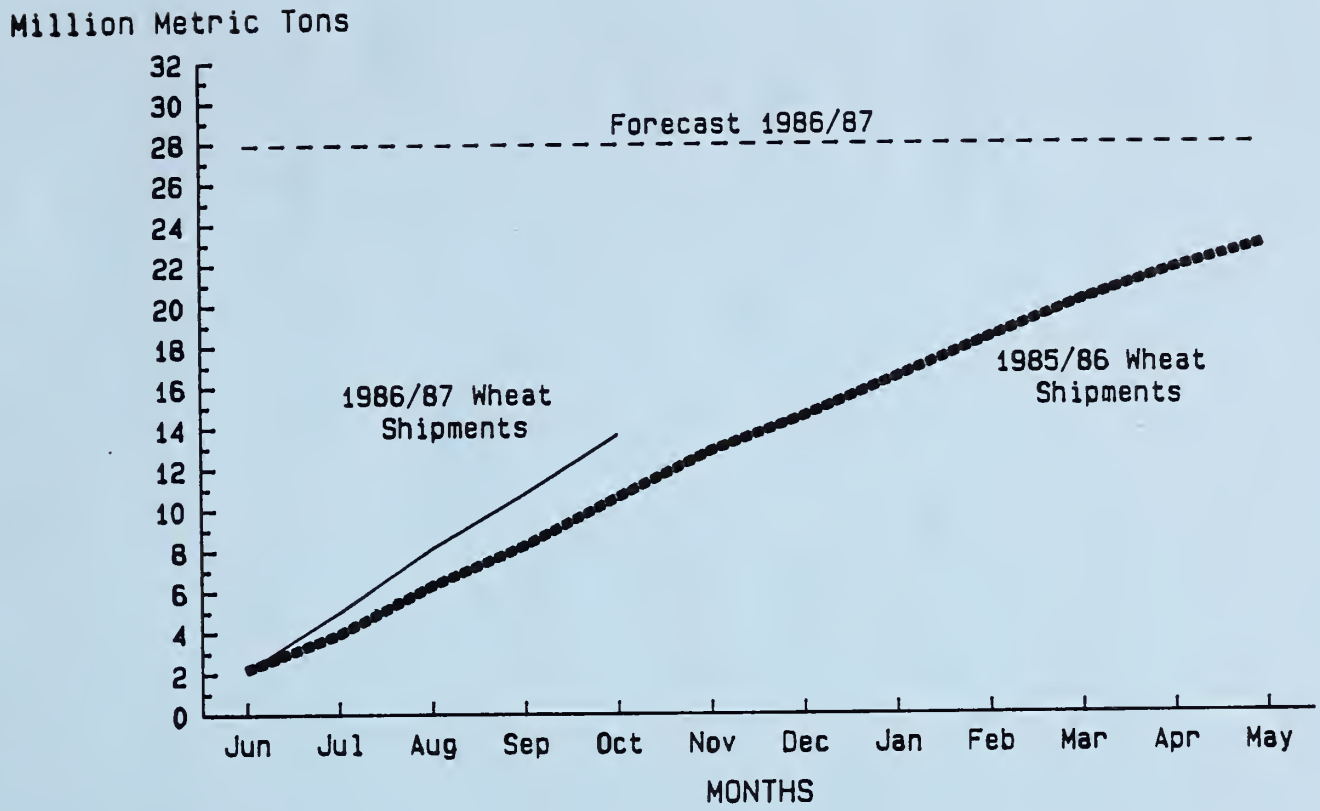
For Period Ending	1985/86	1986/87
Aug 21	2.1	2.9
Sept 18	2.3	1.9
Oct 23	2.7	1.7
Nov 20	1.4	1.3
Cumulative for MY..	15.8	17.0

Weekly and Annual INSPECTION Rates

	MT	BU
Week Ending:		
October 31	0.5	18.5
November 6	0.3	10.6
November 13	0.3	10.4
November 20	0.4	13.6
Cumulative Since Begin MY ..	14.4	530.7
Official Estimate for 1985/86 (Grain only)	26.1	960
Implied Weekly Average	0.5	18.5
Weekly Average for Latest Month	1.4	53.1
Marketing Year-to-Date Weekly Average	0.6	21.2
MY Year-to-Date Average Extrapolated Annually	30.0	1,104
Weekly Average Required during Remainder of MY to Achieve Official Estimate ..	0.4	15.9
Weeks Remaining 27		

1/ Sales made since the beginning of the applicable marketing year, including sales for shipment in the next marketing year.

SOURCE: Shipments and sales data from U.S. Export Sales. Inspections data from the Federal Grain Inspection Service.



Source: U.S. Census and Export Data.

Cumulative U.S. Wheat Exports by Destination
Major Changes
(June/May - 1,000 MT)

Region/ Country	Cumulative Shipments June 1986 to Nov. 13, 1986	June 1985 to to Nov. 13, 1985	+- Change
EC	777	854	- 77
Portugal	141	389	- 248
Italy	367	174	+ 193
Other W.Europe	160	67	+ 94
E. Europe	355	55	+ 300
Yugoslavia	311	0	+ 311
China	0	521	- 521
Asia & Oceania	3,354	2,523	+ 831
Bangladesh	385	126	+ 259
Indonesia	441	227	+ 214
Pakistan	74	323	- 249
Africa	4,228	2,230	+1,997
Algeria	902	201	+ 701
Egypt	1,362	529	+ 832
Tunisia	284	46	+ 238
W. Hemisphere	2,820	2,922	+ 220
Chile	108	463	- 355
TOTAL	13,689	11,307	+2,382

Source: U.S. Export Sales.

IMPORTER BUYING ACTIVITY

Importer buying activity from our competitors was relatively active, while purchases from the United States were relatively slow. The major purchase of the month was undertaken by China for a reported 1.5 million tons of Australian wheat. An interesting development is the intense price competition in feed wheat market, which has seen feed wheat quotes to Korea decline from around $80/MT in July to close to $71/MT C&F in November.

WHEAT and FLOUR IMPORTER BUYING ACTIVITY
REPORTED between OCTOBER 24, 1986 and NOVEMBER 20, 1986 1/

Date of Purchase	Buyer	Origin	Quantity (tons)	Grade 2/	Price Range 3/ ($US per ton)	Delivery Period 4/
10/23	Brazil	Argentina	15,000	Wheat	79.25	Jan
10/27	Brazil	Argentina	15,000	Wheat	79.23	Jan
	Brazil	Argentina	25,000	Wheat	79.48	Feb
	Malta	Canada	12,000	CWRS	142.59	Nov
	Cyprus	U.S.	12,000	HRW	?	Dec
10/28	Algeria	EC	200,000	Soft Wheat	63.50	Jan/Mar
	S. Korea	Australia	50,000	Feed Wheat	78.17 C&F	Nov 16-Dec
	S. Korea	EC	50,000	Feed Wheat	72.20 C&F	Nearby
10/29	S. Korea	Canada	50,000	Feed Wheat	65.15	Nov
10/30	Brazil	France	25,000	Wheat	73.45	Dec
	Portugal	Canada	20-25,000	Wheat	124.07 C&F	?
	Portugal	Saudi Arab.	25-30,000	Wheat	118.80 C&F	?
11/06	Peru	Argentina	55,000	Wheat	86.61	Dec-FH
11/12	Brazil	Argentina	65,000	Wheat	78.84	Jan/Feb
	Brazil	French	100,000	Wheat	76.98	Dec/Jan
11/18	Peru	Argentina	355,000	Wheat	82.40	Jan/Mar
	S. Korea	Canada	100,000	Feed Wheat	71-72 C&F	Feb/Mar
11/19	China	Australia	1.5 MMT	Wheat	87.00 ?	Jan/May
11/20	Mexico	Canadian	60,000	Feed Wheat	71.75	Dec
11/20	Egy/Alger.	EC	375,000	Soft Wheat	78-82 ?	Dec LH/Jan

1/ Does not include PL-480 sales.
2/ HRW=Hard Red Winter, HRS=Hard Red Spring, SRW=Soft Red Winter, HAD=Hard Amber Durum, WW=Western White ASW=Australian Soft White, CWRS=Canadian Western Red Spring, PH=Australian Prime Hard, AH=Australian Hard, GP=Australian General Purpose
3/ FOB unless otherwise noted.
4/ FH denotes first half; LH, last half.

SOURCE: Unofficial market news reports.

U.S. MARKET OPPORTUNITIES

**ARGENTINA PURCHASES U.S. WHEAT: For the first time since 1973, Argentina has reportedly purchased 12,500 tons of U.S. durum wheat for $122/MT FOB Gulf for December delivery, reflecting a shortfall in domestic durum production. Since annual consumption is estimated at around 100-120,000 tons, there is the potential for additional purchases of 35,000-55,000 tons of either U.S. or Canadian durum. This surprising move by Argentina stems from a rapid decline in durum production from a peak of 700,000 tons in 1968 to 30,000-50,000 tons in 1985. Though durum receives a premium over other types of wheat in Argentina, the introduction of higher yielding varieties of other wheats has encouraged producers to shift to non-durum wheats because of higher net returns. The Argentine government will probably attempt to reverse the situation, by offering higher support prices for durum production.

DEVELOPMENTS AFFECTING U.S. EXPORTS

Other Exporting Countries' Selling Activity and Competitive Practices

**Summary: Argentine wheat shipments are weak relative to year-to-date figures as Argentina experienced a short wheat crop in 1986 of 8.5 million tons, down 4.7 million tons from the previous year. The rapid pace of exports immediately after the harvest has meant that most of the old crop has been sold; therefore, an upturn in exports will not occur until after December when the new harvest crop starts coming in. In the case of France, despite a lag in the reporting of French wheat shipments, it is evident that the cumulative pace is well ahead of last year, probably reflecting recent large sales to the USSR.

WHEAT SHIPMENTS by MAJOR EXPORTING COUNTRIES
RECENT MONTHS and SEASON TOTALS for 1985/86-1986/87
(JULY/JUNE--MILLION TONS)

	-- CANADA --		- AUSTRALIA -		- ARGENTINA -		- FRANCE 2/ -		-- TOTAL --	
For Period Ending 1/	85/86	86/87	85/86	86/87	85/86	86/87	85/86	86/87	85/86	86/87
August 21	1.2	1.6	1.2	1.2	0.3	0.1	0.3	1.0	3.0	3.9
September 18	2.3	0.6	1.0	1.0	0.3	#	0.5	1.1	4.1	2.7
October 23	2.2	1.5	1.1	0.9	0.4	#	0.6	NA	4.3	2.4
November 20	1.9	2.1	1.2	1.1	0.5	#	0.9	NA	4.5	3.2
Cumulative Since July 1 .	8.5	6.4	4.9	4.8	1.9	0.2	2.6	2.8	17.9	14.2
Total for Season 3/.....	16.9	18.0	16.0	14.5	6.1	4.6	9.3	9.0	48.3	46.1

1/ Or nearest date.
2/ Excludes intra-EC trade.
3/ Forecast for 1986/87.
- Less than 0.1, N/A - Data not available.

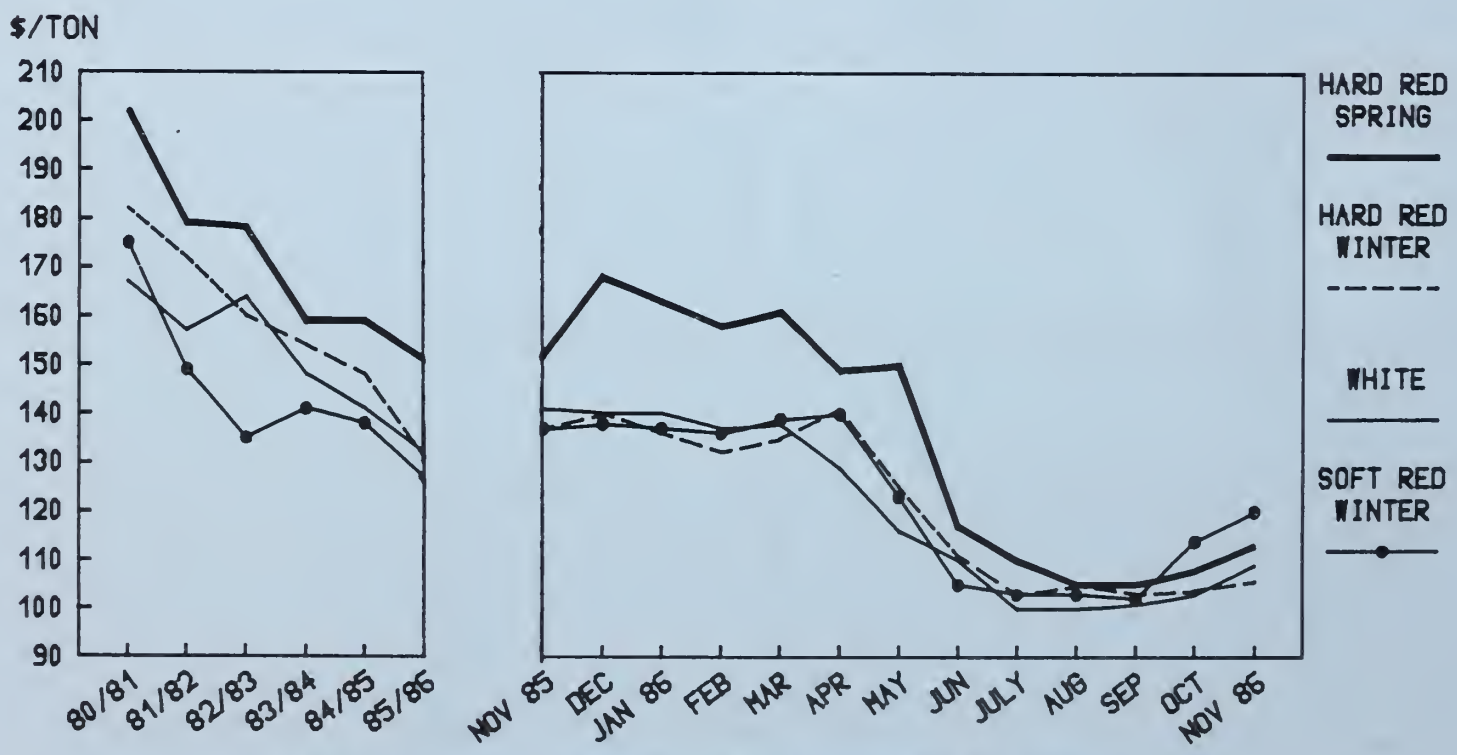
Competitive Developments in Selected Foreign Markets

**LARGE AUSTRALIAN WHEAT SALE TO CHINA: The reported sale of 1.5 million tons of Australian wheat to China, for delivery over the period December through May, by the Australian Wheat Board (AWB), will probably enable Australian exports to China to exceed the 1980-1985 annual average of 1.4 million tons, and help Australia maintain around 40 percent of the Chinese wheat import market. In contrast, the United States has seen its market share of the Chinese wheat market plunge from 63 percent in 1980/81 (July/June), when 8.7 million tons of U.S. wheat was sold, to 8 percent and only 541,000 tons of wheat exported in 1985/86.

**AUSTRALIA REMAINS STRONG CONTENDER IN USSR MARKET: The recent sale of 550,000 tons of new crop Australian wheat to the USSR for delivery before January 1, 1987, means that Australia will remain a major contender in this year's diminishing USSR wheat market. In comparison to 1985/86 (July/June) over the same period, Australia exported around 400,000 tons of wheat to the USSR. The Australian Wheat Board stated that the objective was to repeat last year's performance (1985/86), when Australia shipped a total of 3.2 million tons accounting for 20 percent of the USSR's wheat import market import market. The expansion by Australia into the USSR has been largely at the expense of the United States and Argentina, which combined, had wheat sales in 1985/86 accounting for less than 5 percent of the market. In contrast, in 1984/85 the United States accounted for 21 percent and Argentina 15 percent of USSR wheat purchases.

**PHILIPPINES PURCHASES CANADIAN WHEAT: For the first time since July 1980, the Philippines bought 33,830 tons of Canadian wheat for flour milling purposes. However, this action appears to have been undertaken due to delays in anticipated deliveries of wheat from the United States. Since the United States has supplied close to 90 percent of the Philipines annual demand for imported wheat during the past 5 years, and 100 percent of the wheat used for flour milling, it is uncertain whether this purchase represents the beginning of a new trade pattern.

U.S. WHEAT EXPORT PRICES
FOB GULF*



YEARLY AVERAGE (JUL/JUN) NOV 85-NOV 86 MID MONTH

* EXCEPT: WHITE WHEAT - FOB PNW
HARD RED SPRING - FOB LAKES (APR THRU NOV),
FOB GULF (DEC THRU MAR)

**EC EXPANDS WHEAT SALES TO BRAZIL: Following the purchase of 25,000 tons of French wheat in August, Brazil purchased a further 125,000 of French wheat this past month, a substantial increase from 1985/86 (July/June) when Brazil purchased a total of 51,000 tons of French wheat. The expansion of the EC into the largest wheat market in the Western Hemisphere, could adversely affect U.S. wheat sales, since the size of the uncovered Brazilian wheat market has diminished as a result of trade agreements requiring Brazil to purchase 1.4 and .75 million tons of Argentine and Canadian wheat, respectively, in 1986/87. The United States, which in the 5-year period prior to 1985/86 exported an average of 2.6 million tons of wheat, only exported 900,000 tons of wheat to Brazil in 1985/86. The entry of highly subsidized EC wheat into Brazil at prices of $75-$78/MT FOB, undercuts U.S. prices, recently about $107/MT at FOB Gulf, and will tend to reduce the United States share of the projected total of 3.0 million tons of wheat Brazil will need from all origins in 1986/87.

Internal Price Policies of Foreign Countries

**Major Exporters: The latest support prices for the principal world wheat exporters, for their respective marketing years, are listed below. It should be noted that prices are not strictly comparable because U.S., Argentine, and EC prices are on a local delivery point basis, while Australian and Canadian prices are on a coastal location basis and represent their respective marketing boards' initial payments to producers. Prices also are not directly comparable due to quality differences. For example, in terms of quality differentials, the Canadian price is set for No. 1 Canadian Western Red Spring (CWRS), while No. 2 CWRS currently is discounted Can$6 per ton and No. 3 CWRS is discounted Can$14 per ton. No. 1 CWRS has represented about 40 percent of Canadian wheat exports over the past 10 years. EC prices given below are for medium quality wheat and include monthly incremental storage costs.

Major Grain Exporters': Support Prices for Wheat
(per Metric Ton)

EXPORTER	1984/85 $ U.S. Eq. 1/	1984/85 Local Currency		1985/86 $ U.S. Eq. 1/	1985/86 Local Currency		1986/87 $ U.S. Eq. 1/	1986/87 Local Currency	
U.S. (Loan)	$121	$121	($US)	$121	$121	($US)	$88	$88	($US)
Argentina (Reference) .	$89	4800	2/	$81	65	2/	$70	80	2/
Australia (Min. Paymt.)	$122	146	($A)	$101	150	($A)	$84	131	($A)
Canada (Initial Paymt.)	$121	160	($C)	$116	160	($C)	$116	160	($C)
EC-12 (Lower Qual.) 3/	NA	NA	(ECU)	NA	NA	(ECU)	$190	$183	(ECU)
(Intervention) 4/	NA	NA	(ECU)	NA	NA	(ECU)	$199	$192	(ECU)
(Superior Qual.) 5/	NA	NA	(ECU)	NA	NA	(ECU)	$203	$196	(ECU)

1/ $ U.S. equivalent calculated by using the "year to date" exchange rate for each year.
2/ Exchange rate in australs as of January 1986. Caution should be taken when using the local price and its $ U.S. equivalent because of the frequent changes in the support price and the volatility of the Argentine exchange rate.
3/ Support price for feed-quality wheat.
4/ Support price for bread-quality wheat.
5/ Support price for superior-quality wheat. Two percent premium over medium-quality wheat.

**ARGENTINA REVISES WHEAT SUPPORT PRICE: The National Grain Board recently announced a new wheat support price of 80 Australes per ton ($64/MT), up 10 percent (8 Australes) from the previous year. However, the exchange rate between dollars and Australes made last year's support price the equivalent of $72/MT. It is not clear whether this will encourage production, due to factors such as inflation, an overvalued fixed currency, an export tax policy, and high costs of fuels, all affecting the agricultural sector negatively. Argentina has experienced a decline in wheat production, having fallen from a record high of 15 million tons in 1982 to 8.5 million tons in 1986. This is expected to limit wheat exports in 1986/87 (July/June), currently projected at 4.6 million tons, down 15 percent over the previous year. This could mean less competition for the United States in the world wheat markets.

**EUROPEAN COMMUNITY TARGETS EGYPT AND ALGERIA FOR SPECIAL WHEAT SUBSIDIES: An effort by the EC to increase wheat sales to Algeria and Egypt recently led to the sale of 375,000 tons of EC free-market soft wheat to these two markets under a special subsidy of 23-25 ECU/MT, on top of the regular subsidy of 130 ECU/MT. Therefore, each ton is receiving the equivalent of a $150 subsidy, for an overall subsidy cost of about $56 million for the two sales.

In addition, the EC is planning to hold a special tender in December and January for a further 320,000 tons of wheat destined to Egypt (100,000 tons) and Algeria (220,000 tons). The EC had offered a special 1 day rebate of 23.5 ECU/MT ($24/MT) on November 13 for these same destinations, however, all bids were rejected. Nevertheless, this notifies traders of the subsidy levels the EC is considering when it next holds the special tender.

**EC SELLS LARGE QUANTITY OF SUBSIDIZED WHEAT TO SYRIA: The reported sale 646,000 tons (grain equivalent)of French soft wheat and wheat flour to Syria during the past month, means that the EC will probably supply all of Syria's wheat/flour import needs for 1986/87 (July/June). The sale comprised 320,000 tons of French soft milling wheat ranging in price from $77.95-$81.50 per ton FOB for delivery during December and January, and 240,000 tons of French wheat flour for delivery between November and April. The United States had a 700,000-ton Export Enhancement Program to Syria. However, with U.S. suspension of the program, any U.S. sales are unlikely. While the EC had canceled the special refund targeting farm products to Syria, the EC has apparently continued to offer "regular" export subsidies which currently amount to about $125/MT for the wheat and $184/MT for the wheat flour.

OTHER DEVELOPMENTS AFFECTING U.S. EXPORTS

**USSR IMPORT DEMAND PROJECTED TO FALL SHARPLY: The USSR wheat import forecast for 1986/87 (July/June), has been decreased by 2 million tons to 14 million tons, following reports indicating higher than anticipated production and a fall in domestic utilization. Since the United States was not expected to sell much in 1986/87 based on last year's shipment of only 150,000 tons of wheat to the USSR, the drop will largely be felt by Canada, Australia, and the EC.

**CANADIAN SUPPLIES OF FEED QUALITY WHEAT INCREASE: A spell of heavy rain during September and October, delayed harvesting of the latter half of a record Canadian crop of 31.3 million tons, resulting in a decline in the quality of the 1986 wheat crop. Estimates of the quality of wheat harvested in the Western Provinces indicate a 3.3-million-ton increase (to 5.3 million tons) in supplies of feed wheat in comparison to the 1985 crop. Sales of this wheat are likely to compete directly with U.S. corn, particularly in Korea and Mexico. Already, in direct competition with U.S. coarse grains, Canada has exported 44,000 tons of feed wheat to Mexico in September; the first such sale since 1983/84 (July/June) when it sold 276,000 tons of wheat.

Western Canada Grain Quality Estimates
(August/July - 1,000 MT)

	1984/85		1985/86		1986/87	
Class	MT	%	MT	%	MT	%
1 CWRS	11,823	67	4,077	20	6,761	27
2 CWRS	3,353	19	6,524	32	6,260	25
3 CWRS	1,412	8	7,135	35	7,011	27
Feed	1,059	6	2,650	13	5,258	21
TOTAL	17,647	100	20,386	100	25,290	100

Source: Statistics Canada and trade sources.

**AUSTRALIAN EXPORTABLE SUPPLIES MAY EXPAND: Timely rains and unusually mild weather has led the Australian Wheat Board and the Bureau of Agricultural Economics to raise their wheat crop estimates for 1986 by 1.0 million tons to 17.0 million tons and from 1.3 million tons to 17.4 million tons, respectively. If these projections hold true and assuming they find the markets, then Australian wheat exports could increase from the current forecast of 14.5 million tons for 1986/87 (July/June). Alternatively, domestic consumption could be stimulated to utilize the extra production, otherwise ending stocks would be expected to build up by around 2.5 million tons to 6.5 million tons. In any case, the United States will continue to face stiff competition from Australia in such markets as China, USSR, Japan, and Egypt.

**SUBSIDIZED SAUDI ARABIAN WHEAT SOLD TO PORTUGAL: The sale of 25-30,000 tons of hard wheat to Portugal for $119/MT C&F, could displace U.S. sales since Portugal normally imports about 250,000 tons of Hard Red Winter wheat under the commercial GSM-102 export credit guarantee program. This sale highlights the continuing incursion of Saudi Arabian wheat exports into the global wheat market, as a result of a domestic policy that encourages over-production by offering wheat producers a price of around $530/MT. So far this year, Saudi Arabia has exported some 300,000 tons of subsidized wheat to Egypt and Jordan, as well as smaller quantities to Sri Lanka and Bahrain. Saudi Arabia, which expected to export 300,000 tons of wheat in 1986/87 (July/June), was until this year a net importer of wheat.

U.S. EXPORT EXPANSION ACTIVITIES

**EEP Summary: During the past month a total of 558,000 tons of EEP wheat was approved, representing 43 percent of the 1.3 million tons in wheat sales which took place over the same period.

New EEP Initiatives (Oct. 24-Nov. 20)

Commodity	Country	Quantity
Wheat	West Africa (Cameroon, Cote D'Ivoire, Togo, Ghana)	345,000 MT

EEP Approvals (Oct. 24-Nov. 20)

Wheat	Algeria	249,000
"	Turkey	100,000
"	Senegal	100,000
"	Yemen	50,000
"	Yugoslavia	59,000
Subtotal		558,000
Semolina	Egypt	15,000
Wheat flour	Zaire	15,000
TOTAL		588,000 MT

**Export Credit Guarantees: Fiscal year 1987 GSM-102 guarantees now total $775.5 million, with the majority being allocated ($197 million) for wheat sales to Algeria.

Status of the Export Enhancement Program
as of November 20, 1986

Country	Date	Commodity	Amount Offered (MT)	Amount Purchased (MT)
Algeria	June 4, 85	Wheat	1,000,000	1,000,000
	Apr. 10, 86	Wheat	1,000,000	249,000
	Feb. 11, 86	Semolina	250,000	------
	Feb. 25, 86	Wheat Flour	100,000	------
	Apr. 17, 86	Barley	500,000	------
Benin	Apr. 7, 86	Wheat	45,000	30,000
Cameroon	Oct. 14, 86	Wheat Flour	20,000	------
Canary Is.	Aug. 8, 86	Wheat	100,000	------
Cyprus	Aug. 26, 86	Barley	150,000	75,000
Egypt	July 2, 85	Wheat Flour	600,000	600,000
	July 26, 85	Wheat	500,000	500,000
	Oct. 30, 85	Wheat	500,000	512,500
	June 24, 86	Wheat	552,000	529,000
	Aug. 6, 86	Semolina	30,000	15,000
	Aug. 6, 86	Wheat Flour	600,000	------
	Oct. 8, 86	Wheat	1,000,000	------
Iraq	Dec. 9, 85	Wheat Flour	150,000	100,000
Israel	June 17, 86	Barley	200,000	36,200
Jordan	Nov. 8, 85	Rice	40,000	38,700
	Mar. 19, 86	Wheat	75,000	75,000
	June 17, 86	Barley	60,000	------
	June 20, 86	Wheat	75,000	75,000
Morocco	Sep. 30, 85	Wheat	1,500,000	890,000
Nigeria	Dec. 10, 85	Barley Malt	100,000	4,400
Philippines	Nov. 15, 85	Wheat Flour	100,000	50,000
	Jan. 7, 86	Wheat	150,000	152,400
	Oct., 86	Barley Malt	60,000	25,000
Romania	Sept. 24 86	Barley	200,000	125,000
Saudi Arabia	May 7, 86	Barley	500,000	500,000
	Aug. 6, 86	Barley	250,000	250,000
	Sept. 16 86	Barley	300,000	300,000
	Oct. 8, 86	Barley	200,000	201,000
Senegal	July 17, 86	Wheat	100,000	100,000
Sri Lanka	May 16, 86	Wheat	125,000	75,000
Tunisia	Mar. 18, 86	Wheat	300,000	300,000
	Aug. 22, 86	Wheat	800,000	250,000
Turkey	Oct. 16, 85	Wheat	500,000	506,600
	May 8, 86	Wheat	500,000	100,000
Venezuela	Sept. 4, 86	Barley Malt	100,000	------
West Africa	Oct. 30, 86	Wheat	345,000	------
Yemen	Aug. 20, 85	Wheat Flour	50,000	50,000
	Sep. 6, 85	Wheat	100,000	100,000
	Apr. 14, 86	Wheat Flour	100,000	63,000
	Apr. 14, 86	Poultry Feed	150,000	------
Yugoslavia	Apr. 10, 86	Wheat	200,000	200,000
	June 24, 86	Wheat	200,000	190,950
	Oct. 7, 86	Wheat	500,000	------
Zaire	Nov. 18, 85	Wheat Flour	64,000	64,000
	Dec. 27, 85	Wheat	40,000	40,000
	May 15, 86	Wheat	40,000	40,000
	May 15, 86	Wheat Flour	30,000	15,000
	Oct. 10, 86	Wheat	40,000	------

Commodity Totals	Amount Offered (MT)	Amount Purchased (MT)
Wheat	10,287,000	5,915,450
Flour 1/.....	1,814,000	942,000
Semolina	280,000	15,000
Rice	40,000	38,700
Barley Malt 1/	260,000	4,425
Poultry Feed	150,000	------
Barley	2,360,000	1,487,200
TOTAL	15,191,000	8,402,775

1/ Not in grain equivalent.

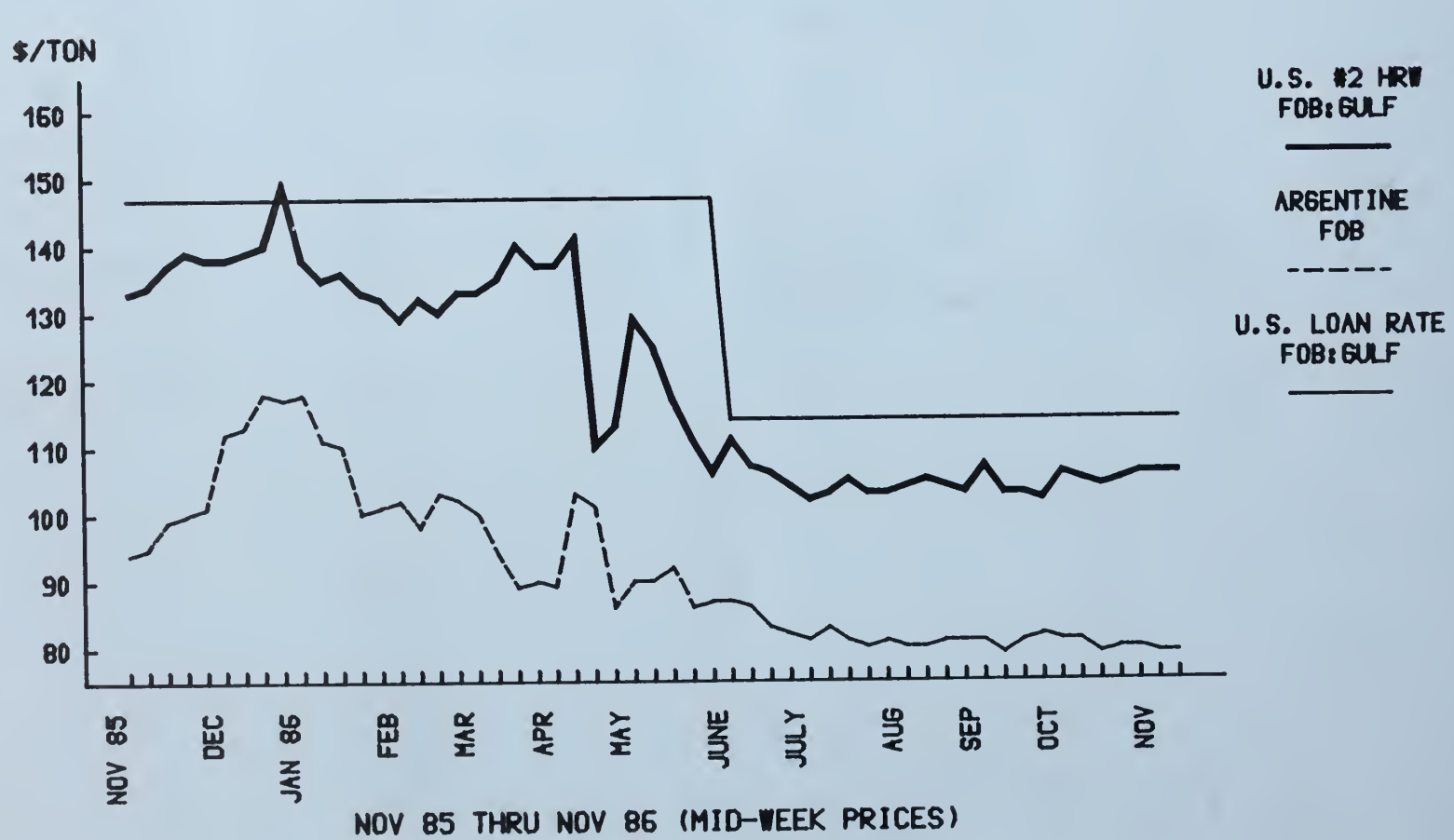
Credit

U.S. WHEAT/FLOUR TRADE WITH SELECTED COUNTRIES
UNDER CCC EXPORT CREDIT GUARANTEE PROGRAM 1/

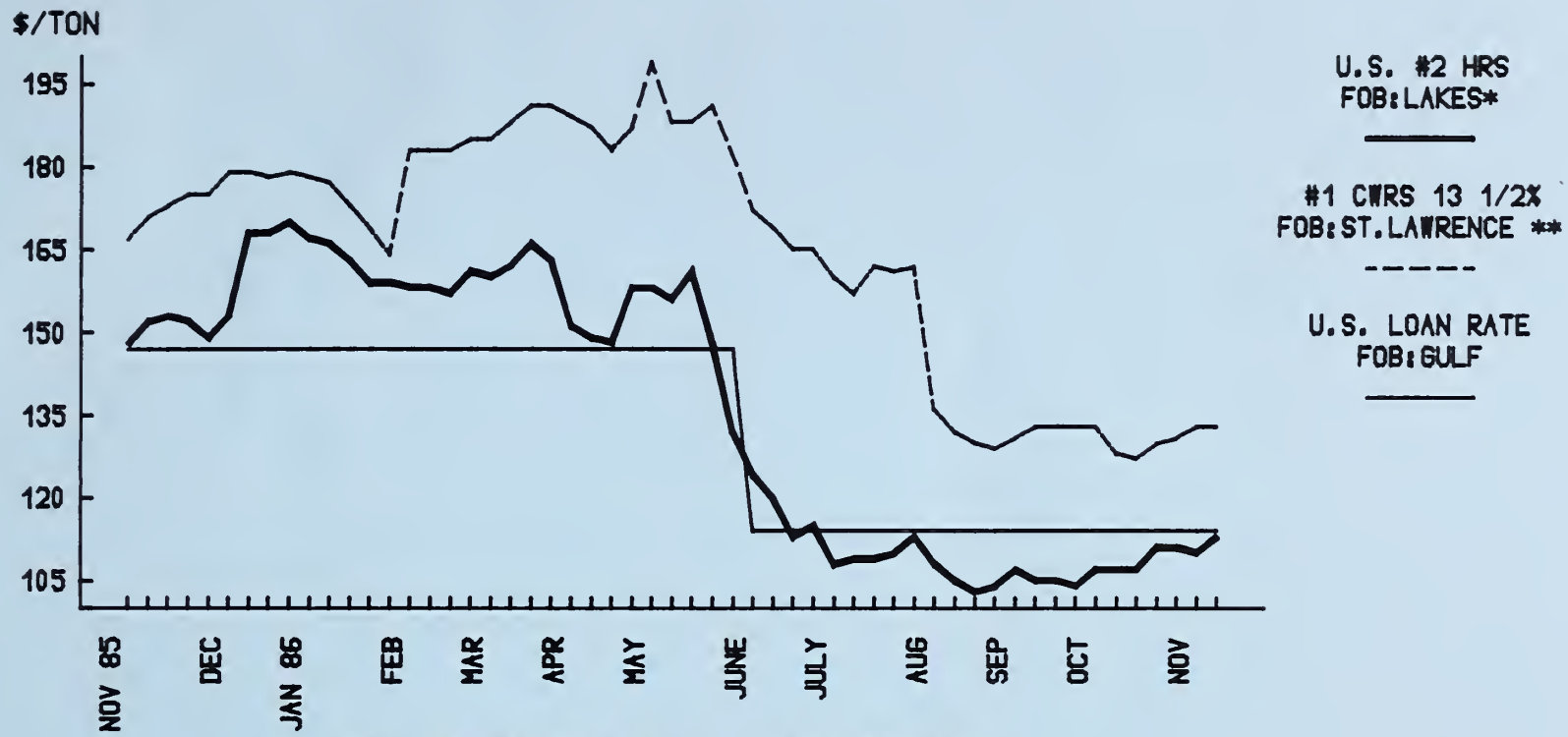
	FY 1985		FINAL FY 1986		
	Guarantees Approved	Est. Quantity Shipped	Programs Announced	Programs Approved	Estimated Quantity Purchased 2/
	$ Millions	1,000 Tons	$ Millions	$ Millions	1,000 Tons
Algeria	$44.4	317.1	$197.0	$3.7	33.6
Bangladesh ..	$0.0	--	--	--	0.0
Brazil	$65.9	470.7	--	--	0.0
Chile	$18.9	135.0 4/	--	--	0.0
Colombia	$24.6	175.7	$75.0	--	0.0
Ecuador	$50.4	360.0	$45.0	--	0.0
Egypt	$140.7	900.7 4/	--	--	0.0
Haiti	$5.0	35.7	--	--	0.0
Iraq	$122.2	754.5 4/	$27.0	--	0.0
Jamaica	$1.1	7.9 4/	--	--	0.0
Jordan	$12.4	88.6	--	--	0.0
Korea	$159.1	1,136.4	$145.0	$7.4	67.3
Morocco	$101.2	722.9	$130.0	--	0.0
Portugal	$33.7	240.7	$33.0	--	0.0
Senegal	$0.0	--	$8.5	--	0.0
Tunisia	$34.9	249.3	$50.0	$4.1	37.3
Turkey	$59.2	422.9	$50.0	$6.6	60.0
Yemen	$9.9	70.7 4/	$15.0 4/	$9.8	72.4
TOTAL.....	$883.6	5,771.7	$775.5	$31.6	270.6

1/ Includes GSM-102 as of November 14, 1986.
2/ Estimated quantity purchased with Approved Funds based on $110 per ton for wheat and $190 per ton for wheat flour.
3/ Wheat or feed grains.
4/ Wheat and wheat flour.

HARD RED WINTER WHEAT EXPORT PRICES
U.S. AND ARGENTINE



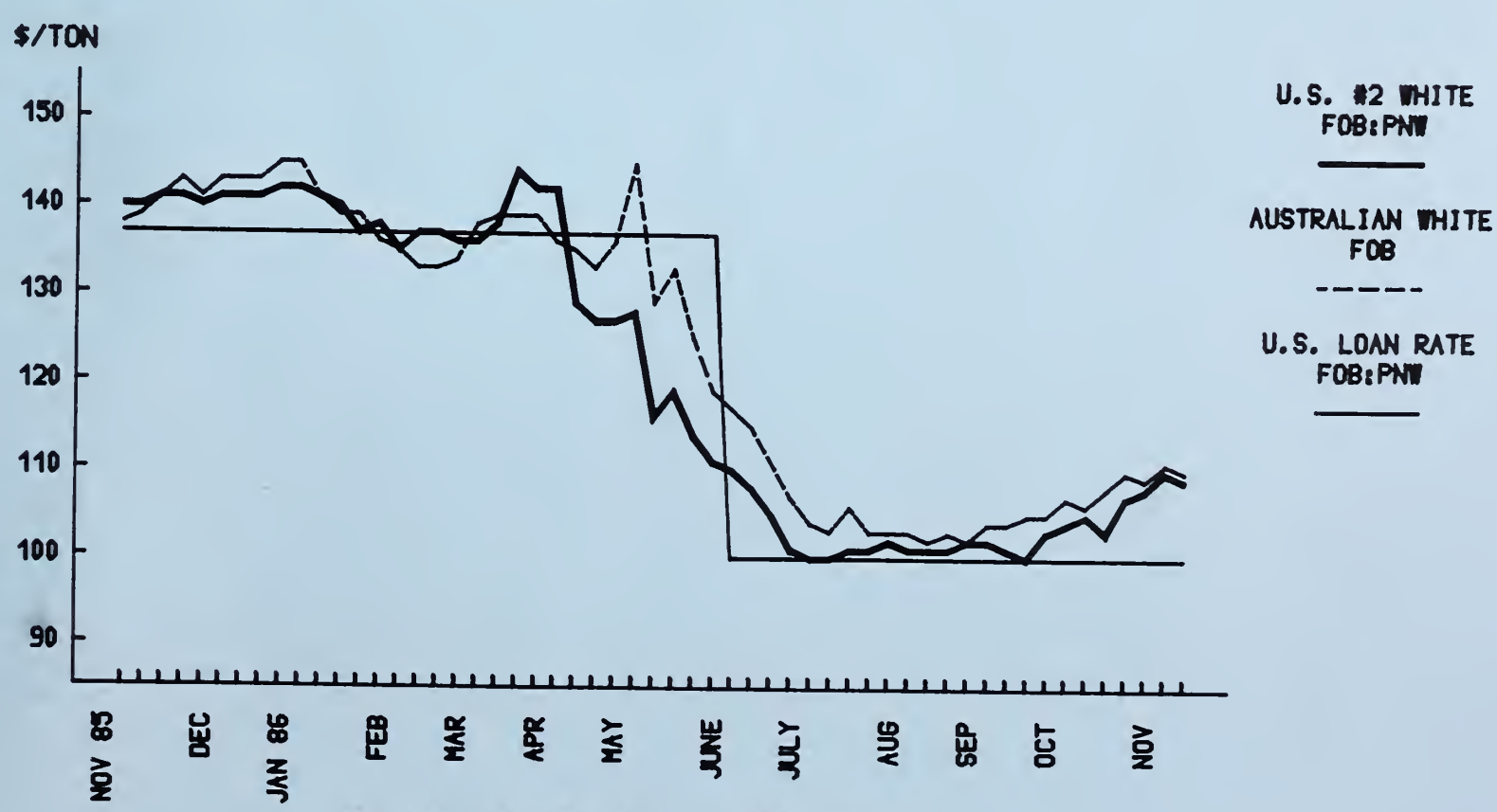
HARD RED SPRING WHEAT EXPORT PRICES
U.S. AND CANADIAN



NOV 85 THRU NOV 86 (MID-WEEK PRICES)

*FOB GULF DURING WINTER MONTHS (DEC THRU MAR)
**FOB ST. LAWRENCE AS OF FEB 1986
FOB THUNDER BAY PRIOR TO FEB 1986

WHITE WHEAT EXPORT PRICES
U.S. AND AUSTRALIAN



NOV 85 THRU NOV 86 (MID-WEEK PRICES)

PL-480

FY 1987 PUBLIC LAW TITLE I/III
COUNTRY AND COMMODITY ALLOCATIONS
NOVEMBER 20, 1986

Countries with $790 or Less Per Capita GNP	TOTAL ($Millions)	----- (1,000 Tons Grain Equivalent) ---- WHEAT/FLOUR	RICE	FEEDGRAINS
Bangladesh ..	$64.0	318.0	14.0	--
Bolivia	$20.0	155.0	--	--
Egypt	$185.0	1,400.0 1/	--	--
El Salvador .	$45.0	147.0	--	--
Ghana	$8.0	--	11.0	--
Guinea	$8.0	--	29.0	--
Haiti	$18.0	116.0	--	--
Honduras	$14.0	109.0	--	--
Indonesia ...	$15.0	116.0	--	--
Kenya	$8.0	62.0	--	--
Liberia	$10.0	--	36.0	--
Madagascar ..	$8.0	--	14.0	--
Morocco	$40.0	310.0	--	--
Mozambique ..	$10.0 2/	31.0	11.0	28.0
Pakistan	$50.0	--	--	--
Senegal	$5.0	--	18.0	--
Sierra Leone	$4.0	16.0	7.0	--
Somalia	$20.0 3/	52.0 1/	18.0	--
Sri Lanka ...	$19.0	147.0	--	--
Sudan	$50.0 4/	378.0 1/	--	--
Yemen	$5.0	--	18.0	--
Zaire	$17.0	93.0	--	--
Zambia	$10.0	39.0	--	--
SUBTOTAL ..	$633.0	3,489.0	176.0	28.0
Countries over $790 Per Capita GNP				
Costa Rica ..	$18.0	124.0	--	19.0
Dominican Rep	$30.0	93.0	--	85.0
Guatemala ...	$19.0	101.0	--	--
Jamaica	$30.0	101.0	21.0	85.0
Peru	$10.0	39.0	11.0	--
Tunisia	$5.0	39.0	--	--
SUBTOTAL ..	$112.0	497.0	32.0	189.0
Total Allocated ...	$745.0	3,986.0	208.0	217.0
Unallocated Reserve	$100.0			
Total Program	$845.0			

1/ All or some portion in wheat equivalent of flour.

SUPPLY and DISTRIBUTION of U.S. WHEAT by CLASS
(MILLION BUSHELS)

Marketing Year beginning June 1	Hard Winter	Hard Spring	Soft Red	White	Durum	Total
--- 1985/86 ---						
Beginning Stocks	717	371	64	173	100	1,425
Production	1,230	460	368	254	113	2,425
Total Supply 1/	1,947	838	432	430	218	3,865
Domestic Use	543	174	204	80	44	1,045
Exports	395	166	149	152	53	915
Total Use	938	340	353	232	97	1,960
Ending Stocks	1,009	498	79	198	121	1,905
--- 1986/87 ---						
Beginning Stocks	1,009	498	79	198	121	1,905
Production	1,019	440	288	237	93	2,077
Total Supply 1/	2,028	942	367	438	217	3,991
Domestic Use	599	192	193	88	58	1,130
Exports	505	170	130	150	70	1,025
Total Use	1,104	362	323	238	128	2,155
Ending Stocks	924	580	44	200	89	1,837

1/ Includes imports.

SOURCE: World Agricultural Supply and Demand Estimates, No. 199 - November 10, 1986.

SUPPORTING DATA FOR COVER GRAPH

U.S. AND COMPETITOR WHEAT SHIPMENTS PER QUARTER: 1/
(1983-87 JULY/JUNE)
MILLION METRIC TONS

U.S. SHIPMENTS:

	1983/84				1984/85				1985/86				1986/87	
	1	2	3	4	1	2	3	4	1	2	3	4	1	2
Destination														
EEP COUNTRIES 2/	2.5	0.7	1.6	2.3	2.2	1.3	1.1	1.2	0.4	1.5	2.3	1.9	2.6	1.4
USSR	0.0	1.9	1.5	1.0	3.2	1.9	1.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0
OTHER	6.3	6.9	6.3	5.3	8.8	6.8	4.8	4.5	5.7	4.7	3.4	3.1	6.0	3.9
WORLD	8.8	9.5	9.4	8.6	14.2	10.0	6.9	5.7	6.1	6.4	5.7	5.0	8.6	5.3

COMPETITOR SHIPMENTS: 3/

Destination														
EEP COUNTRIES 2/	1.1	1.5	1.9	1.4	1.2	1.3	1.6	2.0	1.8	2.0	1.6	1.2	0.8	1.0
USSR	3.2	3.1	4.4	3.7	5.7	3.2	5.2	5.1	1.5	4.9	3.8	1.8	1.1	3.7
OTHER	7.5	6.4	7.2	7.1	7.6	6.1	6.6	7.0	6.2	6.3	7.6	7.3	5.6	3.1
WORLD	11.8	11.0	13.5	12.2	14.5	10.6	13.4	14.1	9.5	13.2	13.0	10.3	7.5	7.8

NOTES:
1/ QUARTER 1 - JULY THROUGH SEPTEMBER.
QUARTER 2 - OCTOBER THROUGH DECEMBER.
QUARTER 3 - JANUARY THROUGH MARCH.
QUARTER 4 - APRIL THROUGH JUNE.
2/ INCLUDES ALGERIA, BENIN, EGYPT, JORDAN, MOROCCO, NORTH YEMEN, SRI LANKA, TUNISIA, TURKEY, YUGOSLAVIA AND ZAIRE.
3/ INCLUDES CANADA, AUSTRALIA, ARGENTINA AND FRANCE.
SOURCE: U.S. CENSUS AND WATS DATA.

U.S. WHEAT EXPORT COMMITMENTS by CLASS to MAJOR DESTINATIONS
TOTAL EXPORTS for 1984/85 - 1985/86; COMMITMENTS to DATE for 1986/87 with COMPARISON to 1985/86
(JUNE/MAY--1,000 TONS)

Destination	Marketing Year	Hard Red Winter	Hard Red Spring	Soft Red Winter	All White	Durum	Total
EC-12	1984/85	340	713	222	--	191	1,466
	1985/86	337	620	162	--	193	1,312
	1985/86*	233	297	196	--	109	835
	1986/87**	0	489	131	--	179	799
Other W. Europe	1984/85	168	69	420	--	35	692
	1985/86	496	108	--	6	11	621
	1985/86*	26	84	--	6	4	120
	1986/87**	150	53	--	--	3	206
USSR	1984/85	6,339	--	--	--	--	6,339
	1985/86	153	--	--	--	--	153
	1985/86*	150	--	--	--	--	150
	1986/87**	--	--	--	--	--	0
China	1984/85	105	--	2,630	--	--	2,735
	1985/86	--	--	581	--	--	581
	1985/86*	--	--	549	--	--	549
	1986/87**	--	--	--	--	--	0
Japan	1984/85	1,277	1,034	--	986	10	3,307
	1985/86	1,294	948	--	937	57	3,236
	1985/86*	685	535	--	564	21	1,805
	1986/87**	714	777	--	616	43	2,150
Taiwan	1984/85	299	211	--	145	--	655
	1985/86	284	225	--	147	--	656
	1985/86*	352	223	--	144	--	719
	1986/87**	285	217	--	124	--	626
Rep. of Korea	1984/85	657	225	--	1,094	--	1,976
	1985/86	594	246	3	1,113	--	1,956
	1985/86*	297	111	3	518	--	929
	1986/87**	304	146	--	570	--	1,020
Other Asia, Middle East, and Oceania	1984/85	1,998	963	178	1,502	--	4,641
	1985/86	1,783	757	143	1,185	--	3,868
	1985/86*	809	406	46	704	--	1,965
	1986/87**	1,046	749	210	905	--	2,910
Egypt	1984/85	--	--	429	1,205	--	1,634
	1985/86	--	--	1,361	130	--	1,491
	1985/86*	--	--	734	--	--	734
	1986/87**	--	--	1,238	124	--	1,362
Nigeria	1984/85	1,324	198	111	--	--	1,633
	1985/86	853	21	83	--	--	957
	1985/86*	634	32	70	--	--	736
	1986/87**	511	105	35	--	--	651
Other Africa	1984/85	421	39	2,012	42	802	3,316
	1985/86	1,507	78	816	--	762	3,163
	1985/86*	655	1	624	--	165	1,445
	1986/87**	1,273	96	729	--	818	2,916
Brazil	1984/85	3,075	--	67	--	--	3,142
	1985/86	722	--	--	--	--	722
	1985/86*	721	--	--	--	--	721
	1986/87**	688	--	--	--	--	688
Other W. Hemis.	1984/85	1,951	1,261	432	159	282	4,085
	1985/86	1,493	1,182	586	2	231	3,494
	1985/86*	1,374	747	510	2	159	2,792
	1986/87**	1,243	909	291	70	229	2,742
Total 1/	1984/85	17,952	4,713	6,500	5,149	1,420	35,734
	1985/86	9,514	4,203	3,735	3,521	1,341	22,314
	1985/86*	6,086	2,613	2,722	1,937	724	14,082
	1986/87**	6,770	3,590	2,643	2,412	1,364	16,779
MY Projection 2/		13,744	4,627	3,538	4,082	1,905	27,896

1/ Discrepancies due to rounding, sales to unknown destination, and Eastern Europe.
2/ Projections for 1986/87, including flour and products.
* Sales plus accumulated exports as of November 20, 1985, excluding sales for next marketing year.
** Sales plus accumulated exports as of November 20, 1986, excluding sales for next marketing year.

SOURCE: U.S. Export Sales.

CORN AND SORGHUM

LATEST U.S. EXPORT FORECAST, SHIPMENTS, AND SALES

Export Forecast: The 1986/87 (Sept./Aug.) U.S. export forecast for corn has been decreased by 2.6 million tons to 33.0 million tons, largely as a result of a 25-percent fall in expected purchases by the USSR (to 8.8 million tons). This export forecast is still a modest improvement of 1.5 million tons over the previous year, and the estimated U.S. share of world trade remains at around 58 percent. The U.S. sorghum forecast was also reduced by 16 percent to 5.1 million tons, reflecting lower than anticipated import demand from the USSR and Venezuela.

Shipments and Sales: Corn shipments continue their weak pace with shipments during the past month down 20 percent from the previous month. Cumulative to date shipments are now nearly 1.0 million tons than comparable shipments last year. The leading destination was Japan, which purchased over 1.0 million tons of corn bringing cumulative shipments to Japan thus far to 3.0 million tons.

U.S. CORN and SORGHUM SHIPMENTS, SALES, and INSPECTIONS
(SEPTEMBER/AUGUST--MILLION TONS)

Monthly SHIPMENTS

For Period Ending	CORN 85/86	CORN 86/87	SORGHUM 85/86	SORGHUM 86/87
Sept 18	1.8	1.6	0.5	0.2
Oct 23	2.8	3.5	1.8	0.5
Nov 20	4.4	2.8	0.4	0.4
MY Cumulative	8.2	7.3	1.6	1.2

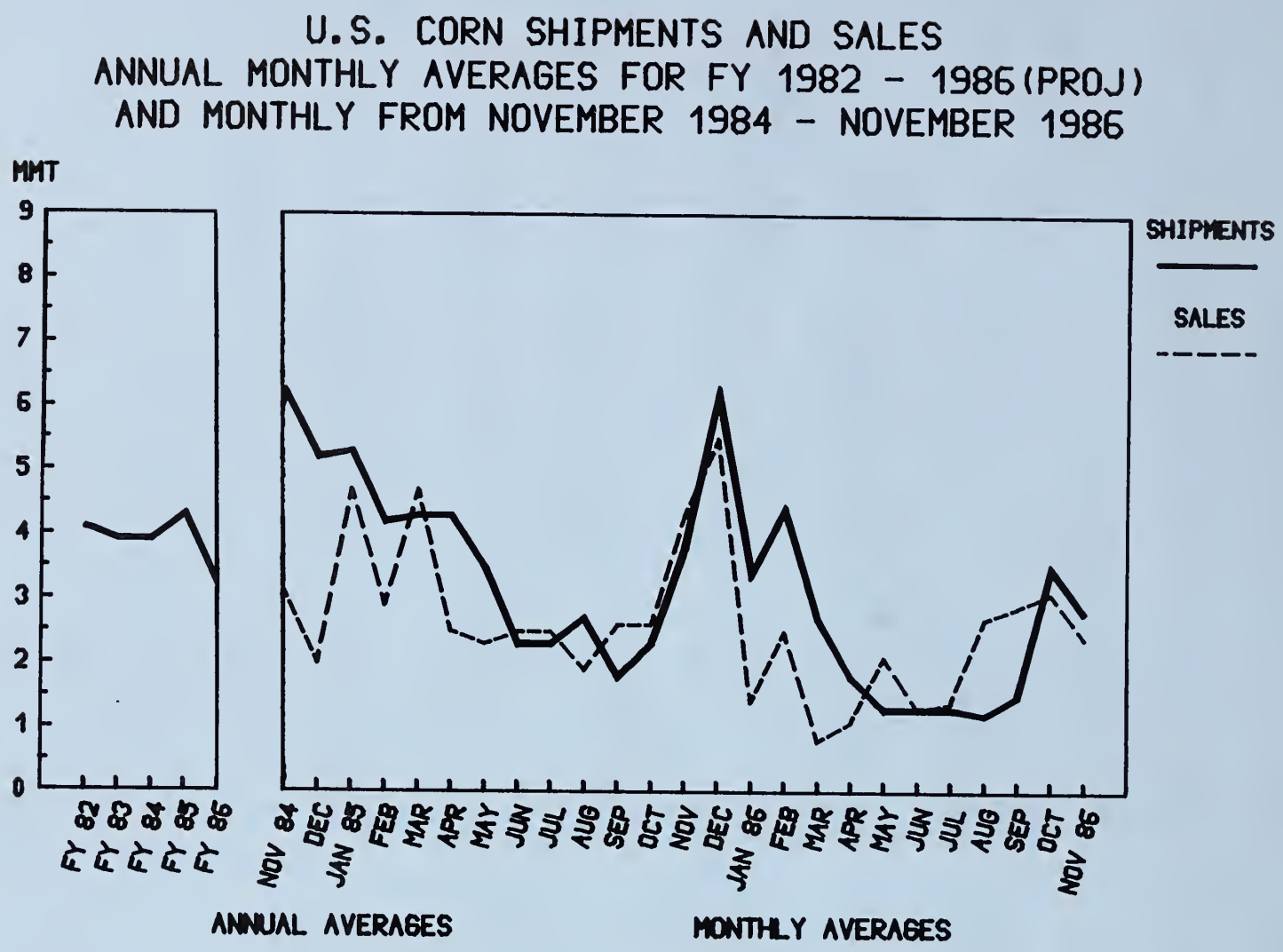
Monthly SALES 1/

For Period Ending	CORN 85/86	CORN 86/87	SORGHUM 85/86	SORGHUM 86/87
Sept 18	2.6	2.9	0.3	0.4
Oct 23	6.8	2.4	1.3	0.4
Nov 20	4.3	2.4	0.3	0.5
MY Cumulative 2/	17.8	13.2	2.5	2.0

Weekly and Annual INSPECTION Rates

Week Ending	CORN MT	CORN BU	SORGHUM MT	SORGHUM BU
October 2	0.8	29.9	.0	1.8
October 9	0.6	22.3	0.2	6.1
October 16	0.6	22.2	0.1	4.4
October 23	0.9	34.8	0.1	2.2
Cumulative Since Begin MY ...	4.5	176.9	0.7	27.7
Official Estimate for 1985/86 (Grain only)	35.1	1,383	6.1	240
Implied Weekly Average	0.7	26.6	0.1	4.6
Weekly Average for Latest Six Weeks	0.7	26.0	0.1	3.8
Marketing Year-to-Date Weekly Average	0.6	22.1	0.1	3.6
MY Year-to-Date Extrapolated Annually	29.2	1150	4.7	185
Weekly Average Required During Remainder of MY to Achieve Official Estimate ...	0.7	27.4	0.1	4.8
Weeks Remaining	44			

1/ Sales made since the beginning of the applicable marketing year, including sales for shipment in the next marketing year.
2/ Monthly figure and cumulative includes carry-over from previous year.



U.S. MARKET OPPORTUNITIES

**BRAZIL EXPECTED TO INCREASE CORN IMPORTS: The Brazilian corn import forecast for 1986/87 (Oct./Sept.) has been doubled to 2.0 million tons due to the near record utilization in the feed sector, and lower corn production. Since the United States has supplied over 50 percent of Brazil's corn needs during the past 2 years, U.S. export prospects for 1986/87 could again reach over 1.0 million tons.

Brazilian Corn Supply and Demand
(MMT)

Total Year	Imports Production	Consumption	Imports	from U.S.	- %
1982/83	19.5	20.8	0	0	0
1983/84	21.0	20.8	0.4	0.1	25
1984/85	22.0	22.4	0.2	0.2	100
1985/86 1/	20.0	22.5	1.9	1.1	58
1986/87 2/	22.5	23.0	1.9	n.a.	n.a.

1/ Estimate. 2/ Forecast.
Source: USDA.

IMPORTER BUYING ACTIVITY

Importer buying activity from the United States was particularly active this month, with relatively large purchases by Taiwan, Mexico, and South Korea.

RECENT CORN and SORGHUM IMPORTER BUYING ACTIVITY
REPORTED between OCTOBER 24, 1986 and NOVEMBER 20, 1986 1/

Date of Purchase	Buyer	Origin	Quantity (tons)	Grade 2/	Price Range 3/ ($US per ton)	Delivery Period 4/
10/27	Cyprus	U.S.	12,000	Y. Corn	?	December
10/28	Taiwan	U.S.	56,000	# 2 YC	93.80 C&F	March 20
	Taiwan	U.S.	27,000	# 2 YC	93.80 C&F	April 10
	Taiwan	U.S.	56,000	# 2 YC	95.24	May 15
10/29	S. Korea	Thai	50,000	Corn	80.99 C&F	Nov 7
	Brazil	U.S.	195,000	Corn	119.50 WHSE	January
11/05	Taiwan	U.S.	315-327,000	# 2 YC	95.52 C&F	Nov-Jul
11/06	S. Korea	U.S.	55,000	# 2 YC	87.91 C&F	Dec-FH
11/12	S. Korea	U.S.	50,000	# 3 YC	88.23 C&F	Nov16/Dec5
	S. Korea	U.S.	50,000	# 3 YC	86.68 C&F	Nov12/Dec1
	S. Korea	Thailand	50,000	Corn	89.90 C&F	Dec-FH
	S. Korea	China	6,000	Corn	86.50 C&F	Nov28/Dec3
11/20	Mexico	U.S.	60,000	# 3 YC	89.66 C&F	Dec
	Mexico	U.S.	203,600	# 2 YC	77-107 C&F	Dec
	Mexico	U.S.	40,000	# 2 YC	77.36	Dec

1/ Does not include PL-480 sales.
2/ YC=#3 Yellow Corn unless otherwise stated, and YS=Yellow Sorghum
3/ FOB unless otherwise noted.
4/ FH denotes first half; LH, last half.
5/ WHSE denotes in warehouse.

SOURCE: Unofficial market news reports.

DEVELOPMENTS AFFECTING U.S. EXPORTS

Other Exporting Countries' Selling Activities and Competitive Practices

CORN and SORGHUM SHIPMENTS by MAJOR EXPORTING COUNTRIES
RECENT MONTHS and SEASON TOTALS for 1984/85-1986/87
(OCTOBER/SEPTEMBER--MILLION TONS)

	- SORGHUM -		---------- CORN ----------					
	ARGENTINA		ARGENTINA		THAILAND		--- TOTAL ---	
For Period Ending 1/	85/86	86/87	85/86	86/87	85/86	86/87	85/86	86/87
October 23	0.1	0	0.2	0.3	0.4	0.2	0.7	0.5
November 20	0.1	0	0.1	0.2	0.4	0.3	0.6	0.5
Cumulative Since October 1	0.2	0	0.3	0.4	0.8	0.4	1.3	0.8
Total for Season 2/	2.1	1.7	7.4	8.0	3.7	2.9	13.2	12.6

1/ Or nearest date.
2/ Forecast for 1986/87
- Less than 0.1, N/A - Data not available.

**RESULTS OF EC REDUCED LEVY TENDERS DISAPPOINTING: Despite assurances from the EC that it will honor the terms of the U.S./EC interim compensation agreement on Spanish accession, the EC has only accepted through November a minimal amount of 87,400 tons of corn (of which 67,000 tons is from the U.S.), under the reduced levy. This contrasts sharply with the 1.4 million tons the EC is committed to import under favorable levy terms for use only in all EC countries except Spain.

However, in a concessionary move by the EC to the United States and France and to allay Spanish fears of a shortfall in corn supplies, the EC will help its members and third-country exporters to each move up to 600,000 tons of extra corn into Spain. Reportedly a special subsidy of 8 ECU/MT will be given to non-Spanish EC traders, while third-country sellers will also receive an 8 ECU/MT levy reduction, in addition to the "normal" levy markdown they bid for under the interim agreement. Furthermore, the EC has introduced two procedural changes in the reduced-levy bidding process: the validity of import licences has been extended and two weekly tenders will be held (compared to one previously).

These moves are ostensibly to help imports of corn from the United States, but the special 8-ECU subsidy to non-Spanish EC traders may make EC corn so competitive in Spain as to exclude the entry of U.S. corn until early next year. In that case, U.S. corn may have to compete with Argentine corn which would be available for purchase starting early January 1987. But the extended import licences would allow delivery in March/April, when the Argentine corn harvest is at its peak and prices are most competitive.

Accepted Corn Bids Under the Reduced Levy

Date	Origin	Quantity (MT)	Reduced Levy ($/MT)	Standard Levy ($/MT)
Nov. 4	U.S.	9,800	154-159	169
Nov. 12	U.S.	2,247	156-157	171
Nov. 18	U.S.	55,000	157-158	171
Sub-Total		67,047		
Nov. 4	U.S./Canada	2,000	157	169
Nov. 4	Canada	1,000	157	169
Nov. 4	Argentina	13,000	154-159	169
Nov. 12	Argentina	2,000	157	171
Nov. 18	Argentina	1,000	157	171
Sub-Total		16,000		
Nov. 12	Yugoslavia	2,400	160	171
TOTAL		88,447		

Note: Under EC regulations, a total of 588,943 tons of corn and 50,000 tons of sorghum is allowed to enter the EC under a reduced levy during November, currently leaving an outstanding amount of 500,496 tons.

Competitive Developments in Selected Foreign Countries

**KOREAN FEED GRAIN MARKET INCREASINGLY COMPETITIVE: Despite the expectation that the United States would regain a large share of the 3.9-million-ton Korean corn import market in 1986/87 (Oct./Sept.), early reports indicate that in the overall feed grain market, there is strong competition from low-priced Chinese and Thai corn and from EC and Australian feed wheat. During the period 1977-83, the United States met over 90 percent of Korea's corn import needs. However, Korean purchases of U.S. corn fell from 3.0 million tons in 1983/84 to 1.4 million tons the following year. This came largely as a result of the unprecedented entry of 1.5 million tons of Chinese corn. Since then the improved price competitiveness of U.S. corn is expected to lead to a recovery in exports to Korea, although recent tenders indicate that U.S. corn is being undersold by more than $5/MT. In addition, the presence of subsidized EC feed wheat at around $75/MT may further displace U.S. corn.

Korean Corn Imports
(Oct./Sept. - MMT)

Origin	1983/84	1984/85	1985/86
U.S.	3.0	1.5	1.3
China	--	1.5	0.8
Thailand	0.2	0.2	1.1
Argentina	--	--	0.2
Other	0.1	--	0.1
TOTAL	3.3	3.2	3.5

Source: Exporter data.

**USSR IMPORT DEMAND FOR CORN DECLINES: A record corn crop of 16.5 million tons, which is 12 percent higher than the previous bumper crop in 1982/83, coupled with a stable level of utilization have contributed to a sharp 3.0-million-ton drop in the corn import forecast for 1986/87 (Oct./Sept.) to 8.8 million tons. This is 9 percent less than the previous year, and the United States along with other suppliers may be affected.

**U.S. EXPORTS TO PORTUGAL MAY DROP: The outlook for U.S. exports of corn to Portugal looks dim and is likely to be well below the 1980/85 average of 2.2 million tons and last year's (1985/86 Oct./Sept.) figure of 924,000 tons. The major reasons cited for this decline are the high price of corn and the increased use of non-grain feed ingredients. It is, however, estimated that in the future, the integration of Portugal into the EC will be accompanied by greater use of EC barley, feed wheat, and corn. Consequently, U.S. corn exports to this country will continue to fall.

**SOUTH AFRICA ENTERS FAR EASTERN MARKETS: The recovery in South African corn production after a severe drought, has led to a concerted effort by South Africa to expand corn exports in the Far East. This effort is highlighted by an agreement South Africa has signed with Taiwan to provide a total of 1.8 million tons of corn over a 3-year period, and a large sale of corn to Korea. While South Africa has had a similar agreement during the past 3 years, the drought during 1982-83 cut production in half and dramatically reduced total corn exports from 2.3 million tons in 1982/83 (July/June) to 75,000 tons the following year. South Africa was therefore unable to meet the terms of the agreement. This gave the United States the opportunity to increase corn exports to Taiwan by 1.1 million tons to 2.8 million tons in 1982/83 (Oct./Sept.) and to capture over 85 percent of the 3.0-million-ton market for the next 3 years. However, a recovery in corn production, permitted South Africa to resume exports to Taiwan in 1985/86. These totaled 350,000 tons. In turn, U.S. corn exports to Taiwan fell 300,000 tons to 2.7 million tons.

The sale of 40,000 tons of South African corn to Korea, is notable for the fact that this is the largest corn sale by South Africa to this market during the past 5 years. This is also a significant increase from last year's total of 21,000 tons. Based on last year's trading pattern in which Japan and Taiwan purchased over 90 percent of South Africa's corn exports, it can be assumed that South African corn exports in these two markets could total between 1.6-1.8 million tons in 1986/87, leaving 200-400,000 tons for other destinations. Therefore, South Africa may have targeted Korea, as one of the countries to take part of the 200-400,000 tons, and this sale may be a precursor to further larger exports, to the detriment of the United States.

South African Corn Exports by Destination
(Oct./Sept - 1,000)

Destination	1981/82	1982/83	1983/84	1984/85	1985/86
Japan	2,572	1,496	8	0	993
EC-10	210	180	54	36	78 1/
S. Korea	0	0	0	7	21
Taiwan	800	300	0	0	271 2/
Venezuela	585	0	0	0	0
TOTAL	4,167	1,976	62	43	1,363

1/ Throught July. 2/ Throught August.
Source: Importer data.

Internal Price Policies of Foreign Countries

**CANADA IMPOSES COUNTERVAILING DUTIES ON IMPORTED U.S. CORN: Canada has announced a preliminary decision imposing a countervailing duty (CVD) on U.S. corn imports of $1.05 per bushel ($41/MT), effective November 7, 1986. This follows as a result of an investigation instigated at the request of Ontario corn producers, charging the United States with subsidizing corn exports and consequently causing financial injury. The Revenue Canada (Customs & Excise), which has focused its investigation solely on the question of subsidization, will issue a final ruling within 90 days, while the Canadian Import Tribunal will decide within 120 days on the more difficult issue of financial injury. Any decision resulting in a finding favorable to the United States will require a refunding of all provisional duties. Currently, only the CVD on U.S. corn being processed for re-export will be refunded.

The immediate outlook points to a slight decrease in U.S. corn exports to Canada, while in the long run the continued application of the CVD will undoubtedly accelerate this decline. This reasoning is based on the fact that approximately 75 percent of the imported U.S. corn is used in the feed industry, largely located in Western Canada. Althought the feed industry can bring in corn from the Eastern Provinces where there is a corn surplus, the prohibitive cost of transportation makes this undesirable. Therefore, though there may be some feed substitution through the use of wheat or barley, the readily available U.S corn will to a limited extent remain a cost effective alternative in the short run. As time passes, the Western Canadian feed industry will be forced to switch to Canadian corn suppliers in the East.

Looking at the situation from the broad prespective of total U.S. corn exports, the fact remains that U.S. corn purchases by Canada have been decreasing from a peak of 1.22 million tons in 1980/81 (Oct./Sept.) to 300,000 tons in 1985/86, and overall, the potential loss in relation to total U.S. corn exports is minimal. Nevertheless, the important point remains that this action could set a precedent for other nations to employ similar procedures effectively restricting free-world trade.

Canadian Corn Trade
(Oct./Sept. - 1,000 MT)

Year	Total Imports	Imports from U.S.	Total 1/ Utilization	% of Util. from U.S.
1981/82	.89	.89	6.45	14
1982/83	.75	.75	6.35	12
1983/84	.32	.26	6.46	3
1984/85	.56	.56	6.64	8
1985/86	.30	.30	6.69	4
1986/87 2/	.30	n.a.	6.80	n.a

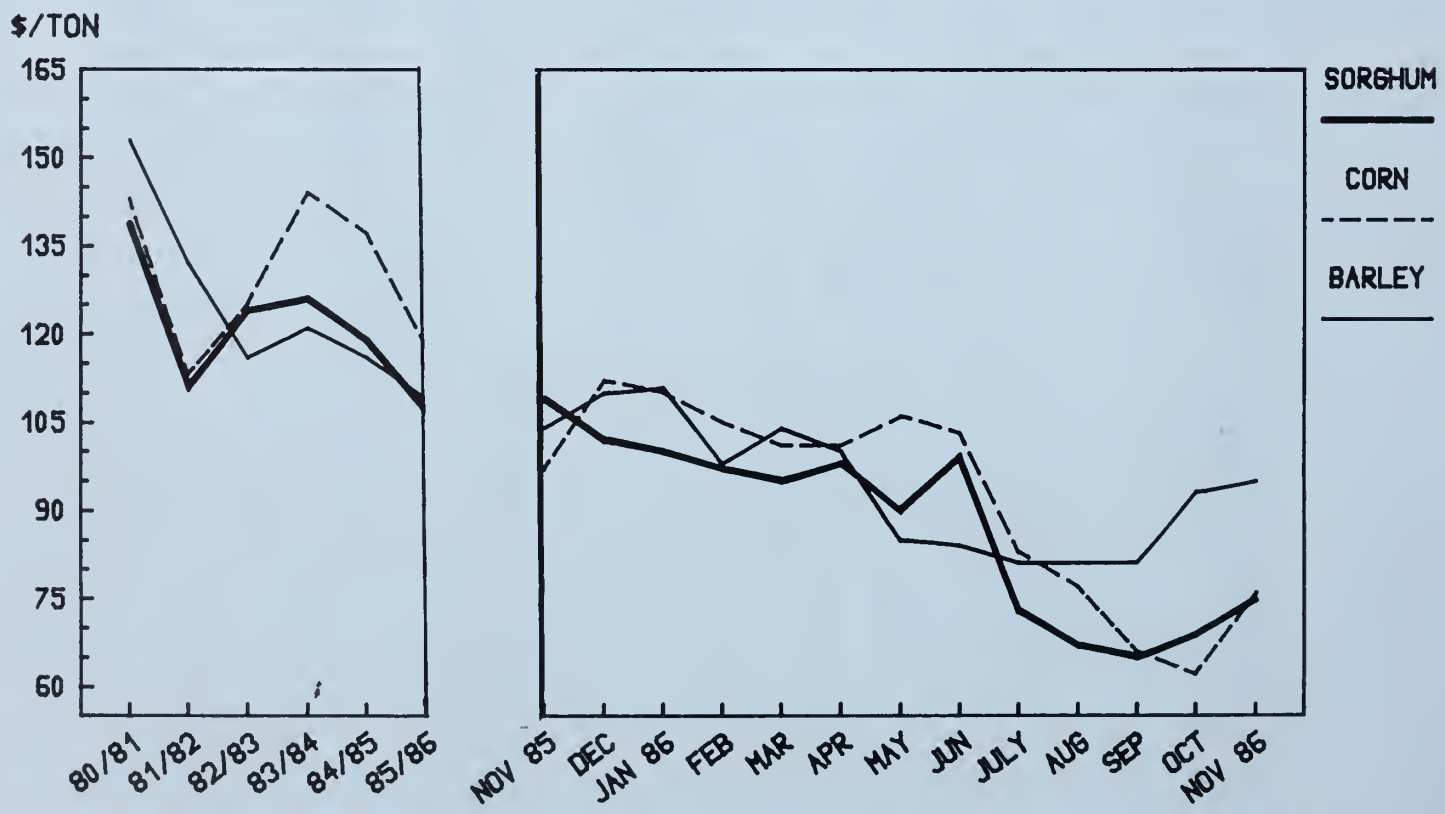
1/ Aug./July. 2/ Forecast.

U.S. EXPORT EXPANSION ACTIVITIES

**Export Credit Guarantees GSM-102:

Country	Commodity	Announced ($ million)	Approved ($ million)
Algeria	Corn	70.0	0
Ecuador	Feedgrains	4.0	0
El Salvador	Corn	0.5	0.5
Guatemala	Feedgrains	1.0	0
Iraq	Corn	15.0	0
Korea	Feedgrains	40.0	8.2
Mexico	Feedgrains	320.0	13.3
Portugal	Feedgrains	82.1	0
Turkey	Feedgrains	20.0	0
Yemen	Feedgrains	3.0	0
TOTAL		555.6	22.0

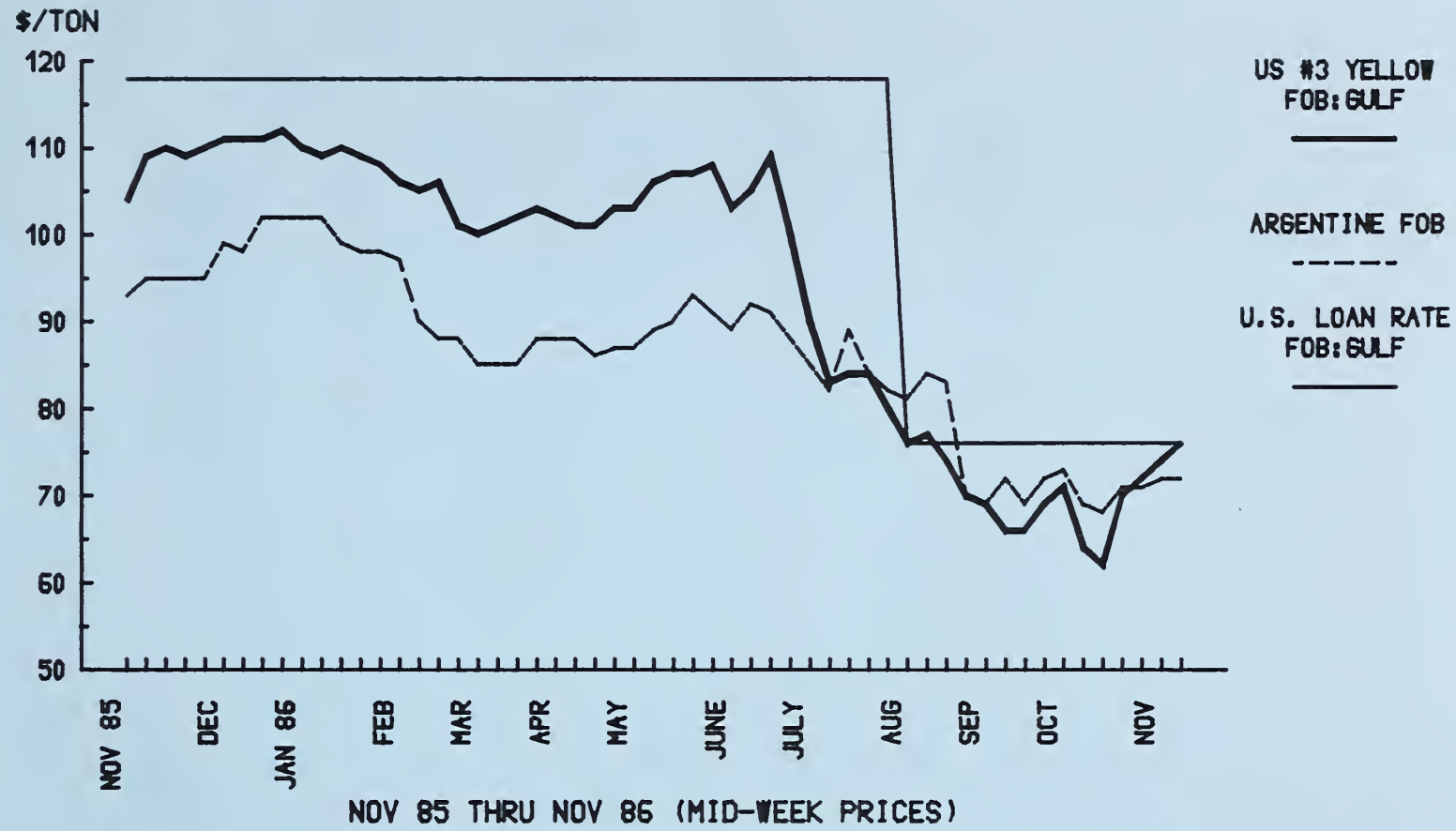
U.S. FEED GRAIN EXPORT PRICES FOB GULF
EXCEPT FOB PNW FOR BARLEY



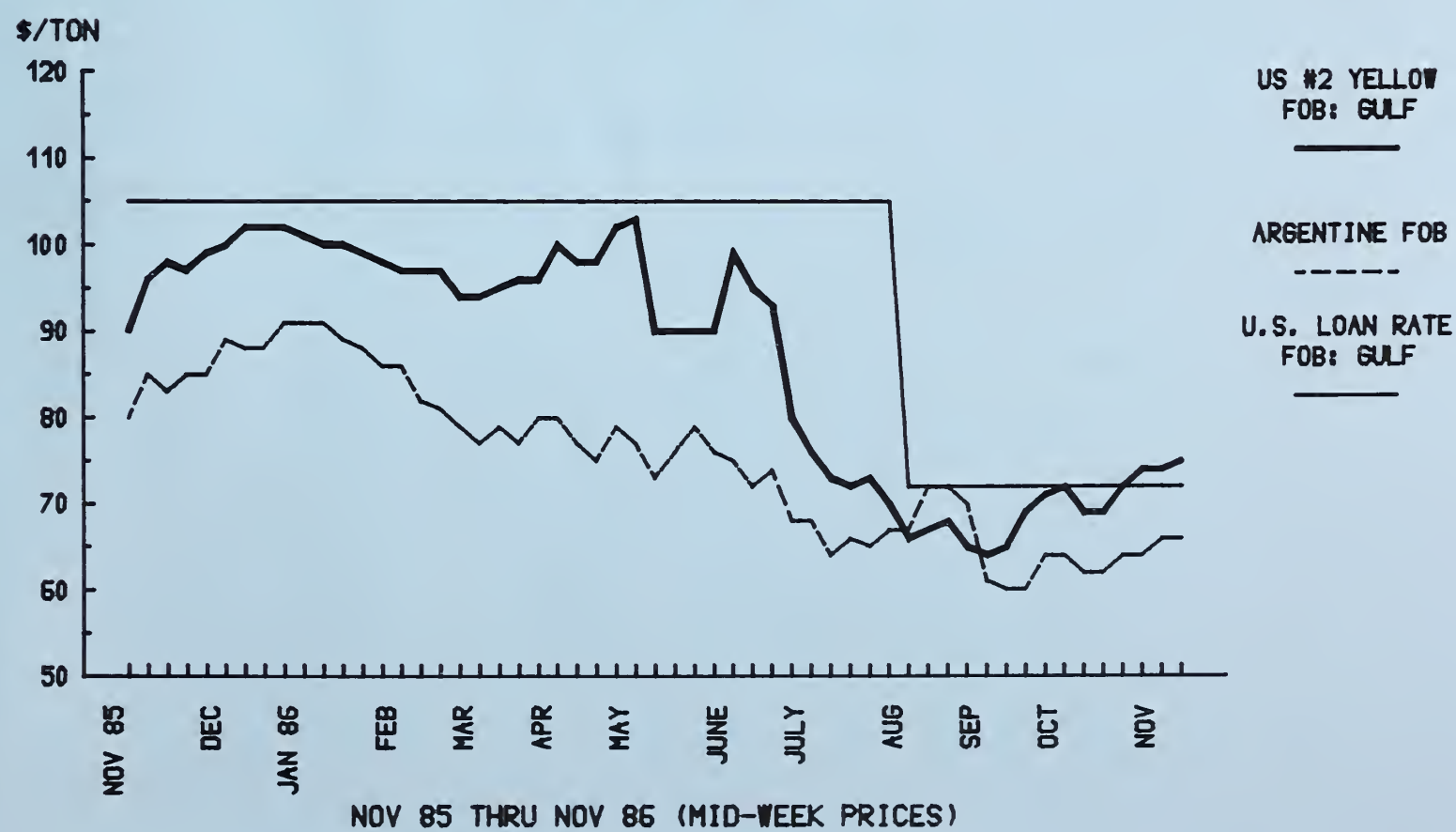
YEARLY AVE. (OCT/SEP)* NOV 85-NOV 86 MID MONTH

* YEARLY AVE. FOR BARLEY 80/81-82/83 (JUN/MAY)

CORN EXPORT PRICES
U.S. AND ARGENTINE



SORGHUM EXPORT PRICES
U.S. AND ARGENTINE



U.S. CORN and SORGHUM EXPORT COMMITMENTS to MAJOR DESTINATIONS
(SEPTEMBER/AUGUST) -- 1,000 TONS) 1/

Destination:	1983/84 Total Exports	1984/85 Total Exports	1985/1986 Total Exports	1985/1986 Committed as of 10/23/85	1986/87 Committed as of 10/23/86
-- CORN --					
EC-12	8,256	5,838	3,569	1,802	439
Other W. Europe	187	88	26	10	3
Eastern Europe	684	570	1,003	618	295
USSR	6,122	14,560	6,376	3,370	0
China	0	0	1	0	33
Japan	14,165	11,632	8,922	5,287	4,542
Taiwan	3,013	2,968	2,748	1,658	1,885
Rep. of Korea .	3,018	1,467	1,239	805	1,005
Egypt	1,240	1,348	1,539	731	901
Canada	260	427	319	52	210
Mexico	2,908	1,668	1,567	955	746
Brazil	131	209	1,062	400	899
Others	8,265	6,591	4,182	2,066	3,273
TOTAL	48,249	47,366	31,496	17,754	13,242
-- SORGHUM --					
Spain	332	178	15	0	0
Other W. Europe (excl. Spain)	135	98	28	27	64
Japan	1,348	2,273	2,412	1,738	1,379
Israel	604	510	423	188	112
Mexico	2,873	2,226	358	13	104
Venezuela	263	909	905	306	0
Others	620	1,206	337	220	284
TOTAL	6,175	7,400	4,478	2,492	1,943

1/ Accumulated shipments and sales, excluding sales for next marketing year.

SOURCE: U.S. Bureau of Census and U.S. Export Sales.

BARLEY, OATS, AND RYE

Export Forecast: The 1986/87 (June/May) U.S. barley, oats, and rye export forecast, as of November 10, remains unchanged from the previous month.

Shipments and Sales:

U.S. EXPORTS
(June/May - 1,000 MT)

Grain	1984/85	1985/86 1/	1986/87 2/
Barley	1,559	429	2,177
Oats	15	30	30
Rye	10	5	15

1/ Estimated. 2/ Projected.

U.S. BARLEY EXPORT COMMITMENTS to MAJOR DESTINATIONS
(JUNE/MAY -- 1,000 TONS) 1/

Destination	1983/8 Total Exports	1984/85 Total Exports	1985/86 Total Exports	1985/86 Committed as of 10/23/85	1986/87 Committed as of 10/23/86
Saudi Arabia	29	0	42	42	1,126
EC-12	375	86	--	--	--
Other W. Europe	88	44	--	--	36
Eastern Europe	112	--	60	60	125
Taiwan	223	208	74	100	76
Japan	343	272	153	125	34
Others	764	949	100	44	436
TOTAL.....	1,934	1,559	429	371	1,833

1/ Accumulated shipments and sales, excluding sales for next marketing year.

DEVELOPMENTS AFFECTING U.S. EXPORTS

**SAUDI ARABIAN BARLEY IMPORT SUBSIDIES MAY END: Since Saudi Arabia is the leading market in the world, accounting for one-third of world trade, any decline in barley imports will have global repercussions on barley exporters. Two factors suggest that that there may be changes which could affect Saudi Arabian barley imports. First, burdened by a system which encourages surplus wheat production, Saudi Arabia is making an effort reallocate resources to benefit barley production by giving barley producers a subsidy of SR 1,000 ($266.66) per ton. Since barley yields are lower than wheat, this is likely to have a relatively minor impact. Secondly, and far more importantly is the barley import subsidy. Although it remains in place, declining oil revenues and the high cost of the subisidy (estimated at $100 million) to the Saudi Arabian government makes a reduction highly probable. Under the current subsidy, Saudi Arabian traders can buy barley for $65 per ton C&F, receive an $80/MT import subsidy, and either sell it at $37 per ton or just store it. For this reason Saudi Arabia is estimated to import a near record 6.5 million tons during 1986/87 (Oct./Sept.).

Saudi Arabian Barley Situation
(Oct./Sept. - 1,000 MT)

Year	Domestic Deficit 1/	Total Imports	% of World Trade	Imports from U.S.	- %
1982/83	3,002	2,500	19	0	0
1983/84	4,488	5,100	33	29	1
1984/85	4,888	5,000	27	42	1
1985/86	5,988	7,000	36	410	6
1986/87 2/	5,988	6,500	37	n.a.	--

1/ Utilization minus production, July/June. 2/ Forecast.

Other Countries' Selling Activities and Competitive Practices

BARLEY SHIPMENTS by MAJOR EXPORTING COUNTRIES
RECENT MONTHS and SEASON TOTALS for 1984/85-1986/87
(OCTOBER/SEPTEMBER--MILLION TONS)

	- Canada -		-France 2/		-- U.K. --		-- TOTAL --	
For Period Ending 1/	85/86	86/87	85/86	86/87	85/86	86/87	84/85	85/86
October 23	0.4	0.5	0.3	N/A	0.1	N/A	0.8	0.5
November 20	0.2	0.7	0.1	N/A	0.2	N/A	0.5	0.7
Cumulative Since October 1	0.6	1.0	0.4	N/A	0.3	N/A	1.3	1.0
Total for Season 2/	4.8	5.5	2.3	2.0	1.9	1.5	9.0	9.0

1/ Or nearest date.
2/ Excludes intra-EC trade.
3/ Forecast for 1986/87
- Less than 0.1, N/A - Data not available.

U.S. EXPORT EXPANSION ACTIVITIES

**EEP Summary: New barley/malt sales during the past month were made to the Philippines for 25,000 tons of barley malt, to Romania for 125,000 tons of barley, and to Cyprus for 25,000 tons of barley.

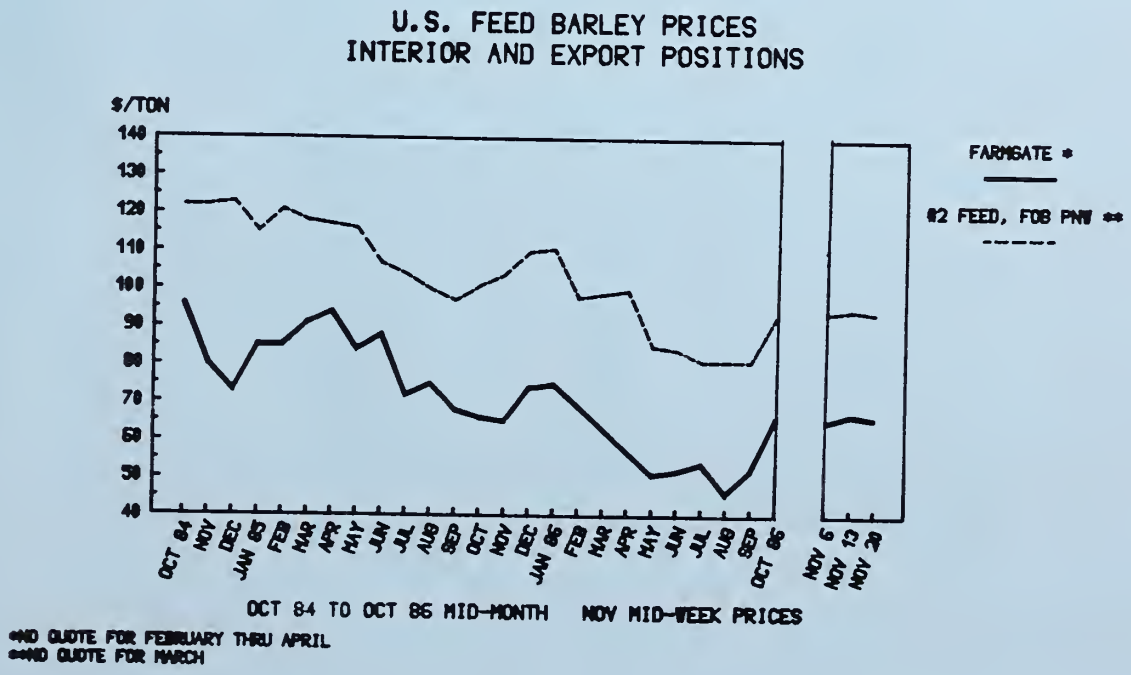
Barley Export Enhancement Program - Status as of November 20, 1986
(Oct./Sept. - 1,000 MT)

Country	Announced	Approved 1985/86	Approved 1986/87
Algeria	500	--	--
Cyprus	150	25	25
Israel	200	36	--
Jordan	60	--	--
Philippines	60	--	25
Romania	200	--	125
Saudi Arabia	1,250	885	366
TOTAL	2,360	946	541

Source: USDA.

U.S. MARKET OPPORTUNITIES

**BRAZIL TO IMPORT LARGE QUANTITIES OF BARLEY MALT: Trade reports indicate that the largest breweries in Brazil will be tendering during the last week of November and early December for 250-300,000 tons of barley malt. Last year, most of Brazil's barley needs were supplied by Uruguay, East Germany, and France. The United States has not made a barley malt sale to Brazil during the past 5 years.



QUANTITY and VALUE of U.S. GRAIN and FEED COMMODITY EXPORTS
IN FISCAL YEAR 1986 with COMPARISON to the PRECEDING YEAR

COMMODITY	SEPT. FY 85	SEPT. FY 86	ACTUAL EXPORTS FY 85	PROJECTED EXPORTS FY 86
WHEAT (grain only)				
Quantity (1000 tons).....	1,965	2,669	28,524	25,510
Value Per Ton (dollars).....	$135	$111	$149	$128
Value (in million dollars)....	$265	$295	$4,263	$3,263
FLOUR				
Quantity (1000 tons).....	89	128	1,070	1,626
Value Per Ton (dollars).....	$56	$117	$200	$127
Value (in million dollars)....	$5	$15	$214	$206
CORN (grain only)				
Quantity (1000 tons).....	2,029	2,033	46,276	31,136
Value Per Ton (dollars).....	$109	$82	$125	$106
Value (in million dollars)....	$222	$166	$5,771	$3,293
SORGHUM (grain only)				
Quantity (1000 tons).....	727	360	7,549	4,111
Value Per Ton (dollars).....	$92	$69	$115	$94
Value (in million dollars)....	$67	$25	$868	$386
BARLEY, OATS, AND RYE (grain only)				
Quantity (1000 tons).....	20	282	1,202	783
Value Per Ton (dollars).....	$100	$74	$122	$84
Value (in million dollars)....	$2	$21	$147	$66
TOTAL COARSE GRAINS (grain only)				
Quantity (1000 tons).....	2,776	2,675	55,027	36,030
Value Per Ton (dollars).....	$105	$79	$123	$104
Value (in million dollars)....	$291	$212	$6,786	$3,745
RICE (grain only)				
Quantity (1000 tons).....	216	386	1,908	2,245
Value Per Ton (dollars).....	$343	$212	$354	$289
Value (in million dollars)....	$74	$82	$676	$648
PULSES				
Quantity (1000 tons).....	32	36	425	454
Value Per Ton (dollars).....	$406	$444	$461	$454
Value (in million dollars)....	$13	$16	$196	$206
OTHER GRAIN PRODUCTS				
Quantity (1000 tons).....	40	104	1,411	1,321
Value Per Ton (dollars).....	$700	$260	$241	$253
Value (in million dollars)....	$28	$27	$340	$334
FORAGE, HAY, MIXED FEED AND GRAIN BYPRODUCTS				
Quantity (1000 tons).....	542	795	6,395	8,218
Value Per Ton (dollars).....	$149	$151	$151	$151
Value (in million dollars)....	$81	$120	$964	$1,245
TOTAL VOLUME (in thousand tons)	5,660	6,793	94,760	
TOTAL VALUE (in million dollars)	$757	$767	$13,439	$9,647

SOURCE: U.S. Bureau of Census.

U.S. WHEAT, CORN, SORGHUM, BARLEY, OATS, AND RYE SUPPLY/DISTRIBUTION
MILLION BUSHELS/MILLION ACRES

	Beginning Stocks	Harvested Area	Yield	Production	Imports	Exports	Feed Usage	Total Domestic Use
Wheat								
1976/77	666	70.9	30.3	2,149	3	950	75	755
1977/78	1,113	66.7	30.7	2,046	2	1,124	192	859
1978/79	1,178	56.5	31.4	1,776	2	1,194	158	837
1979/80	924	62.5	34.2	2,134	2	1,375	86	783
1980/81	902	71.1	33.5	2,381	3	1,514	60	783
1981/82	989	80.6	34.5	2,785	3	1,771	135	847
1982/83	1,159	77.9	35.5	2,765	8	1,509	195	908
1983/84	1,515	61.4	39.4	2,420	4	1,429	369	1,111
1984/85	1,399	66.9	38.8	2,595	10	1,424	405	1,154
1985/86	1,425	64.7	37.5	2,425	14	915	273	1,044
1986/87	1,905	60.5	34.3	2,077	10	1,025	350	1,130
1987/88	1,837							
Corn								
1976/77	633	71.5	88.0	6,289	3	1,657	3,590	4,133
1977/78	1,136	70.6	92.1	6,505	3	1,909	3,717	4,298
1978/79	1,436	71.9	101.0	7,268	1	2,124	4,264	4,872
1979/80	1,710	72.4	109.5	7,928	1	2,415	4,549	5,189
1980/81	2,034	73.0	91.0	6,639	1	2,408	4,157	4,875
1981/82	1,392	74.6	108.9	8,119	1	2,010	4,169	4,966
1982/83	2,537	72.7	113.2	8,235	1	1,834	4,521	5,416
1983/84	3,523	51.5	81.1	4,175	3	1,902	3,818	4,793
1984/85	1,006	71.9	106.7	7,674	4	1,865	4,116	5,170
1985/86	1,648	75.1	118.0	8,865	11	1,241	4,116	5,245
1986/87	4,038	69.0	119.3	8,223	3	1,300	4,200	5,350
1987/88	5,614							
Sorghum								
1976/77	49	14.5	49.0	711	-	254	449	459
1977/78	47	13.8	56.6	781	-	223	436	447
1978/79	157	13.4	54.5	731	-	190	540	552
1979/80	146	12.9	62.6	807	-	330	494	506
1980/81	118	12.5	46.3	579	-	293	336	347
1981/82	57	13.7	64.0	876	-	260	416	427
1982/83	247	14.1	59.1	835	-	210	475	485
1983/84	387	10.0	48.7	488	-	245	412	422
1984/85	287	15.3	56.4	866	-	297	539	557
1985/86	300	16.7	66.7	1,113	-	178	655	684
1986/87	551	13.5	66.7	900	-	200	575	605
1987/88	646							
Barley								
1976/77	128	8.4	45.6	383	11	66	172	330
1977/78	126	9.7	44.0	428	9	57	177	333
1978/79	173	9.2	49.2	455	10	26	217	384
1979/80	228	7.5	50.9	383	12	55	204	376
1980/81	192	7.3	49.7	361	10	77	174	349
1981/82	137	9.0	52.4	474	10	100	198	372
1982/83	148	9.0	57.2	516	11	47	241	411
1983/84	217	9.7	52.3	509	7	92	283	452
1984/85	189	11.2	53.4	599	10	77	304	474
1985/86	247	11.5	51.0	591	9	22	333	500
1986/87	325	12.4	50.0	600	5	100	300	475
1987/88	355							
Oats								
1976/77	205	11.8	45.9	540	2	10	490	573
1977/78	164	13.5	55.6	753	2	12	509	594
1978/79	313	11.1	52.3	582	1	13	525	603
1979/80	280	9.7	54.4	527	1	4	492	568
1980/81	236	8.7	53.0	459	1	13	432	506
1981/82	177	9.4	54.2	510	2	7	454	530
1982/83	152	10.3	57.8	593	4	3	441	526
1983/84	220	9.1	52.6	477	30	2	466	544
1984/85	181	8.2	58.0	474	34	1	433	508
1985/86	180	8.2	63.7	521	28	2	461	544
1986/87	183	7.5	54.9	384	30	2	400	485
1987/88	109							
Rye								
1976/77	4	0.7	21.4	15	-	-	5	15
1977/78	4	0.7	24.4	17	-	-	7	17
1978/79	4	0.9	26.0	24	-	-	8	19
1979/80	9	0.9	25.7	22	-	2	7	17
1980/81	12	0.7	24.6	16	-	8	7	16
1981/82	4	0.7	26.6	18	-	2	8	18
1982/83	3	0.7	28.9	20	3	-	10	20
1983/84	6	0.9	30.3	27	2	1	12	22
1984/85	11	1.0	33.1	33	1	1	14	24
1985/86	20	0.7	28.8	21	2	1	10	20
1986/87	22	0.7	27.1	18	1	1	12	22
1987/88	19							

Notes: Commodity Years As Follows: June/May-Wheat, Barley, Oats and Rye; August/September-Corn and Sorghum.
Total supply may not equal total demand due to rounding.
"-" Denotes zero.

Source: World Agricultural Supply and Demand Estimates No. 199, November 10, 1986

U.S. Wheat Programs

	1984 Program		1985 Program		1986 Program	
	Equivalent Export Price 1/ ($/Ton)	Farm Price ($/Bu)	Equivalent Export Price 1/ ($/Ton)	Farm Price ($/Bu)	Equivalent Export Price 1/ ($/Ton)	Farm Price ($/Bu)
Trigger Release Price	---- ----	$4.45	---- ----	$4.45	---- ----	----
Target Price	$187 ----	$4.38	$187 ----	$4.38	$187 ----	$4.38
Loan (Reserve)	---- ----	$3.30	---- ----	----	---- ----	----
National Loan	$147 ----	$3.30	$147 ----	$3.30	$114 ----	$2.40
Season Average Producer Price	$150 ----	$3.38	$142 ----	$3.16	$107-114 ----	$2.20-2.40
Farm Price 2/	---- ----	----	---- ----	----	$114 ----	$2.41
Paid Diversion	---- ----	$2.70	---- ----	$2.70	---- ----	$2.00 Winter $1.10 Spring

1/ Estimated equivalent, adjusted from $/Bu at the farm level by including transportation and handling allowances of $ .70 per bushel.
2/ ASCS 5-day moving average as of November 20, 1986.

U.S. Corn Programs

	1984 Program		1985 Program		1986 Program	
	Equivalent Export Price 1/ ($/Ton)	Farm Price ($/Bu)	Equivalent Export Price 1/ ($/Ton)	Farm Price ($/Bu)	Equivalent Export Price 1/ ($/Ton)	Farm Price ($/Bu)
Trigger Release Price	---- ----	$3.25	---- ----	$3.25	---- ----	----
Target Price	$137 ----	$3.03	$137 ----	$3.03	$137 ----	$3.03
Loan (Reserve)	---- ----	$2.55	---- ----	$2.55	---- ----	----
National Loan	$118 ----	$2.55	$118 ----	$2.55	$93 ----	$1.92
Season Average Producer Price	$121 ----	$2.62	$110 ----	$2.35	$89-98 ----	$1.55-1.80
Farm Price 2/	---- ----	----	---- ----	----	$79 ----	$1.56
Paid Diversion	---- ----	----	---- ----	----	----	$1.08

1/ Estimated equivalent, adjusted from $/Bu at the farm level by including transportation and handling allowances of $ .45 per bushel.
2/ ASCS 5-day moving average as of November 20, 1986.

RICE

U.S. EXPORT FORECAST, SHIPMENTS, AND SALES 1/

Export Forecast: The calendar year 1986 forecast was increased to 2.3 million tons in light of actual U.S. exports of about 2 million tons through October. The forecast for the 1986/87 market year is unchanged at 2.6 million metric tons, compared to 1.88 million tons for 1985/86. The projected increase reflects U.S. price competitiveness on world markets due to the Marketing Loan provisions of the 1985 Food Security Act.

Shipments and Sales: U.S. rice exports totaled 168,300 tons for the 4-week period ending November 20, a decline from the previous 4-week volume of 276,200 tons. Major destinations included Iraq (76,000 tons) and the European Community (29,000 tons). U.S cumulative shipments for the 1986/1987 market year (August/July) total 1,036,500 tons, up markedly from the 642,800 tons shipped during the same period a year ago. In the 4-week period ending November 20, reported new sales were 98,500 tons, down 40 percent from the previously reported 4-week total of 166,500 tons. Export commitments for the current marketing year now total 1,394,300 tons, compared to 892,400 tons for the same period last year.

1/Shipments and sales are on a product basis.

Weekly U.S. Rice Exports
(Metric Tons)

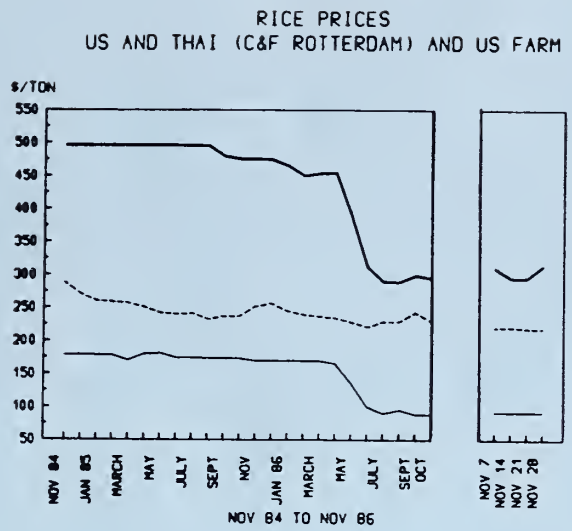
Week Ending	Actual Exports	Net New Sales
Oct 30	51,600	31,200
Nov 6	35,400	15,200
Nov 13	49,300	19,300
Nov 20	32,000	32,800

U.S. RICE EXPORT COMMITMENTS BY CLASS TO MAJOR DESTINATIONS

(AUGUST/JULY - 1,000 MT)

Destination	Marketing Year 4/	Long Grain Milled	Long Grain Brown 2/	Other 1/ Milled	Other 1/ Brown	Total Exports
EC 12	1983/84	29	192	2	70	293
	1984/85	10	209	7	98	331
	1985/86	*	162	2	--	164
	1986/87	1	171	6	--	178
Other W. Europe	1983/84	23	35	3	138	199
	1984/85	27	31	4	63	125
	1985/86	23	29	2	--	54
	1986/87	17	25	14	6	61
Iraq	1983/84	230	--	2	--	232
	1984/85	429	15	1	--	445
	1985/86	480	--	--	--	480
	1986/87	200	--	--	--	200
Saudi Arabia	1983/84	253	--	6	--	259
	1984/85	239	--	6	--	245
	1985/86	150	--	2	--	152
	1986/87	87	--	1	--	88
Other Middle East	1983/84	40	--	12	--	52
	1984/85	41	--	5	--	46
	1985/86	9	--	40	--	49
	1986/87	33	9	36	--	80
Republic of Korea	1983/84	--	--	*	112	112
	1984/85	--	--	--	--	--
	1985/86	--	--	--	--	--
	1986/87	--	--	--	--	--
Other Asia & Oceania	1983/84	3	--	140	--	143
	1984/85	3	--	99	--	102
	1985/86	2	--	12	152	166
	1986/87	1	--	72	--	70
Nigeria	1983/84	63	--	--	--	63
	1984/85	*	--	--	--	--
	1985/86	--	--	--	--	--
	1986/87	--	--	--	--	--
Other Africa	1983/84	95	150	136	--	381
	1984/85	116	65	278	11	476
	1985/86	172	51	144	10	378
	1986/87	112	29	29	11	181
Western Hemisphere	1983/84	156	24	109	14	303
	1984/85	137	49	13	19	217
	1985/86	172	95	10	14	290
	1986/87	205	258	52	19	534
Total 3/	1983/84	900	401	408	338	2,047
	1984/85	985	389	422	190	1,998
	1985/86	1,009	407	210	176	1,802
	1986/87	658	491	210	35	1,394

* Less than 500 tons.
1/ Includes short, medium, and mixed.
2/ Data not converted to a milled equivalency, and includes rough rice.
3/ Discrepancies due to rounding and changes to unknown destinations.
4/ 1986/87 year includes August 1 through September 21
SOURCE: U.S. Export Sales Report



IMPORTER BUYING ACTIVITY

Importer purchasing activity remained sluggish throughout November, particularly for the higher rice qualities. Peru bought 80,000 tons from China under a recently signed barter agreement, and another 20,000 tons from North Korea; Iran again purchased 75,000 tons from Thailand; and the USSR bought 60,000 tons, apparently destined for Viet Nam.

SELECTED RECENT RICE IMPORTER BUYING ACTIVITY
REPORTED BETWEEN OCTOBER 28 AND NOVEMBER 25, 1986

BUYER	ORIGIN	QUANTITY (TONS)	QUALITY 1/	PRICE $/MT 2/	DELIVERY PERIOD	DATE OF REPORT
Benin	Thailand	5,500	5%	166	N/A	11-18
Benin	Thailand	5,500	5%	166	N/A	11-25
Cameroon	Thailand	5,000	A-1 Sup	113	N/A	11-12
Congo	Thailand	3,500	15%	164	N/A	10-29
Dubai	Thailand	2,000	5%	200 C&F	N/A	10-29
Iran	Thailand	30,000	100%	187	N/A	10-29
Iran	Thailand	15,000	100%	186	N/A	11-25
Iran	Thailand	30,000	100%	193	N/A	11-25
Ivory Coast	Thailand	10,000	35%	136	N/A	10-29
Kenya	Thailand	10,500	10%	159	N/A	11-25
Mozambique	Thailand	2,250	PB 10%	180	N/A	11-12
Mozambique	Thailand	2,250	PB 20%	160	N/A	11-12
Peru	North Korea	20,000	N/A	214	Jan	11-7
Peru	China	80,000	25%	130	N/A	11-12
Saudi Arabia	Thailand	2,000	PB 100%	165	N/A	10-29
Somalia	Thailand	7,600	35%	136	N/A	11-12
Sudan	Thailand	10,600	35%	136	N/A	10-29
Togo	Thailand	5,000	PB 5%	159	N/A	11-18
USSR	Burma	60,000	Emata 25%	138	Nov/Jan	11-7
Zaire	Thailand	8,000	PB 5%	157	N/A	11-18
Zaire	Thailand	3,300	20%	153	N/A	11-18
Zaire	Thailand	3,000	25%	145	N/A	11-18

1/ PB = Parboiled, LG = Long Grain, MG = Medium Grain, SG = Short Grain, Br = Brown, F = Fragrant, L/Bld = Long Boiled, F.Bld = Full Boiled, Gl = Glutinous, S = Super, Spec = Special.

2/ F.O.B. basis unless otherwise indicated. Price information is in many cases unconfirmed and as reported through unofficial market sources.

**Peru: Peru signed a barter agreement with China on November 6 under which Peru will receive a total of 100,000 tons of rice in exchange for 50,000 tons of fishmeal, plus $1 million to offset the difference in the value of the bartered commodities. Peru recently bought 80,000 tons (25% brokens) from China under this agreement. In addition, Peru bought 20,000 tons from North Korea on November 7 on a government-to-government basis.

There is some question as to whether Peru's recent purchases will produce a steady supply, or assure arrival of rice before supplies run low early in January. ECASA, the government food agency, had previously indicated that about 110,000 tons would be needed by the end of December, and another 150,000 tons before the 1987 crop harvest in July, due to a severe drought in major producing regions.

MAJOR EXPORTERS

**Thailand: Thailand exported 215,802 tons of rice over the 4-week period ending November 11, down from 242,362 tons for the previous 4-week period. Calendar year exports through November 12 are now at 3,827,000 tons, an increase of about 7 percent over the same period in calendar year 1985. Export commitments apparent for calendar year 1986, as of November 11, were 3,950,079 tons, compared with 4,092,653 tons for the same period last year.

Reportedly, the 1986/87 Thai crop could be as low as 18.0 million tons (paddy basis), down from the official estimate of 19.7 million tons last year. Dry conditions in Northeast Thailand and a slighty lower planted area of the main crop are the causes of the decline. Stocks of old crop rice in export position are reportedly about 250,000 tons, a relatively low historical level.

The combination of low stocks and a lower crop could decrease the export availabilities and provide impetus for increased prices in 1987. However, new crop rice is currently arriving in Bangkok, putting downward pressure on prices in the near term.

Weekly Thai Rice Exports
(Metric Tons)

Week Ending	Actual Exports
Oct 21	79,452
Oct 28	32,023
Nov 4	54,249
Nov 11	50,078

The export policies of the Government are apparently not finalized for the 1987 crop. Officials have indicated a willingness on the part of the government to initiate a policy to provide support for producer prices.

**Pakistan: Pakistan exported 98,001 tons of rice in October, bringing CY 1986 total rice exports to 1,088,000 tons. Pakistan is expected to export 1.2 million tons of rice in CY 1986. The Rice Export Corporation of Pakistan (RECP) currently holds an estimated 120,000 tons of 1985/86 crop rice which is sold but unshipped, and an estimated 30,000 tons of unsold rice from the crop.

RECP officials have indicated a procurement target for the 1986/87 crop (currently being harvested) of 1.2 million tons. The total includes 900,000 tons of coarse varieties, and 300,000 tons of Basmati rice. RECP policies are apparently under review, though officials indicated they hope to continue the sales momentum of 1986 into the new year.

**Uruguay: Uruguay has exported 258,000 tons of rice in calendar year 1986 through September, compared to a yearly total of 231,000 tons for 1985. Brazil, which signed a long term agreement with Uruguay to import rice, accounts for 80 percent of Uruguayan exports to date. The agreement could result in substantial future Brazilian imports from Uruguay. Other major buyers for CY 1986 include Portugal (18,000 tons) and Iran (16,000 tons).

OTHER DEVELOPMENTS AFFECTING U.S. EXPORTS

Prices posted by the Thai Board of Trade remained steady for most grades during the early weeks of November, but prices for 100 percent grade B are now quoted at $215 per ton FOB, compared to $220 in October. Actual export prices for 100 percent grade B have decreased to $175-$178 per ton FOB, from about $180 during October. Last year, 100 percent grade B was selling for about $200 FOB. Actual export prices for Thai A-1 Special rice have declined sharply from $113 last month to about $101 FOB, due largely to downward pressure on prices of lower qualities from Pakistan and Burma.

On the Rotterdam market, U.S. #2/4 percent broken long grain rice again averaged $302 per ton C&F during the past month, but decreased to $295 C&F for the week of November 21. Prices for Thai 100 percent B (bulk) averaged $220 per ton during November, down from $228 for October. U.S. bulk brown rice averaged about $192 per ton C&F during November, while Thai brown rice averaged about $191 C&F.

**Indonesia: The Indonesian rice crop may be reduced slightly due to an insect infestation affecting newly planted rice in Java. According to officials of the Ministry of Agriculture, 65,000 hectares of rice will have to be replanted with varieties resistant to the brown planthopper. If the damage is no more serious than currently reported, the 1987 crop harvest may be reduced by 2 to 5 percent. This crop reduction could potentially result in rice imports in 1988.

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The National Food Agency of Indonesia, BULOG, has indicated government held rice stocks are currently 2.3 million tons. However, stocks are expected to decline to 1.5 million tons by the end of the crop year on March 31. At that time, procurement of new crop rice will begin.

In other developments, Indonesia has reportedly agreed to "loan" 100,000 tons of rice to Vietnam. The terms are 6 percent interest with repayment due in two years. At the same time, BULOG announced the acceptance of repayment of a 100,000 ton rice loan made to the Philippines in 1984.

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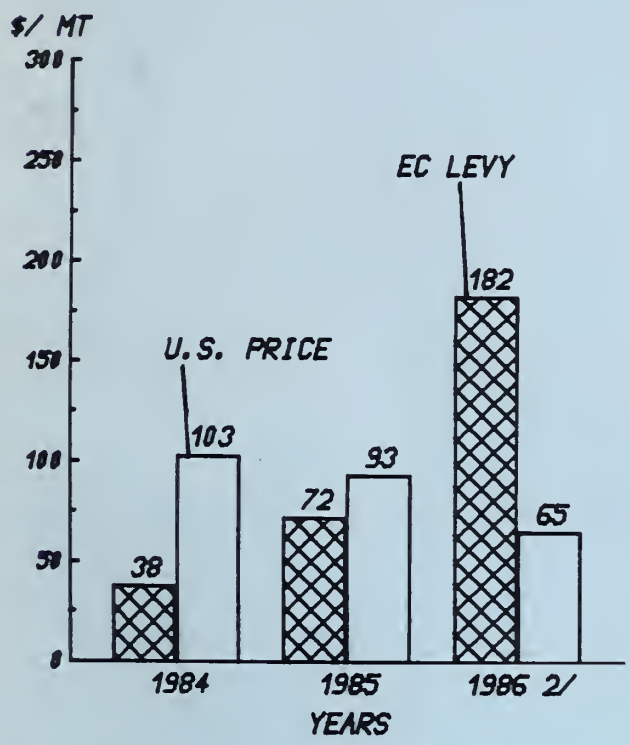
Grains

Export Markets for U.S. Grain and Products

EMG-10-86
October 1986

EC CORN IMPORT LEVY vs. PRICES RECEIVED BY U.S. FARMERS 1/

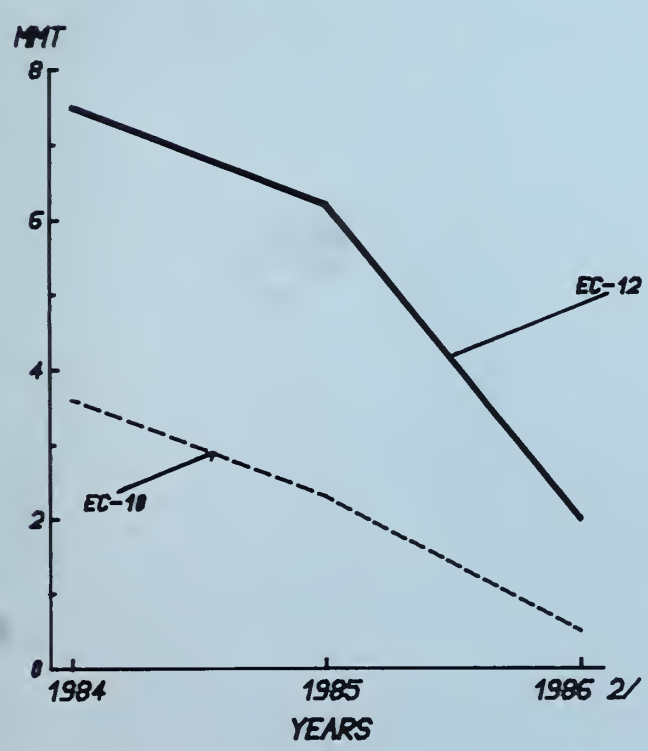


Why it's tough . . .

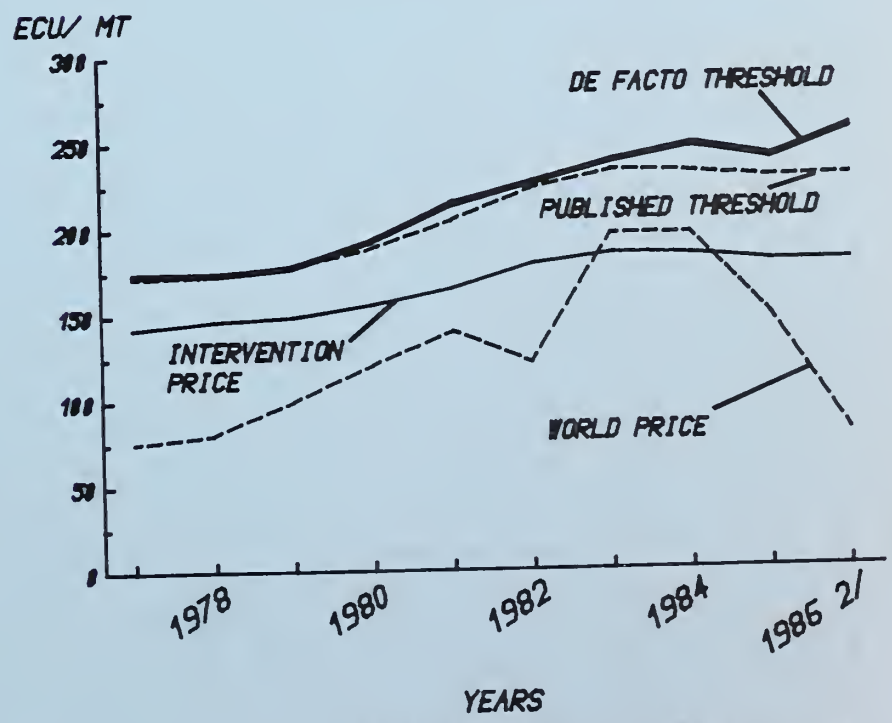
To sell U.S. corn in Europe. This month's cover charts show why, despite a 37 percent decline in price, U.S. corn exports to the EC have dropped by around 70 percent in the last 2 years. With the prohibitive barrier posed by the sharply increasing EC corn import levy, third country corn can be imported only by the starch industry, and then only when EC corn quality is unsuitable. As a result, EC corn use is minimized and more corn overhangs the world market.

Further, the levy has apparently increased more rapidly than changes in world corn prices and the official EC threshold prices warrant. It appears that EC Authorities have in effect decided to increase the margin of protection for domestic producers and against imports.

EC CORN IMPORTS FROM THE U.S. 1/



EC CORN PRICE COMPARISONS



1/ CALENDAR YEAR.
2/ ESTIMATE

SUPPORTING DATA ON PAGE 24.

Approved by the World Agricultural Outlook Board - USDA

EXPORT MARKET FOR U.S. GRAIN AND FEED PRODUCTS
October 31, 1986

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*HIGHLIGHTS**

Significant developments affecting U.S. grain and feed exports this month:

-- The wheat and corn import forecasts for 1986/87 for the USSR have been reduced, which may increase competitive pressure on U.S. exports outside the USSR market.

-- The government of Thailand is considering new steps to increase producer prices for rice and set a more aggressive rice marketing policy for 1987.

-- This past month Saudi Arabia purchased 501,000 tons of EEP barley. The success of the United States in penetrating the Saudi Arabian market, is largely responsible for the doubling of the U.S. barley forecast to 2.2 million tons in 1986/87 (June/May).

-- Record utilization in Brazil may lead to increased U.S. corn sales.

-- In an effort to regain market share in the Mediterranean, the EC has permitted wheat export prices to drop sharply.

-- Nigeria has declared an immediate ban on wheat imports.

-- The EC has so far rejected tenders for U.S. corn to be imported under the U.S.-EC interim compensation agreement on Spanish accession.

-- Taiwanese traders have signed an agreement with private U.S. exporters to purchase 12.5 million tons of grains over a 5 year period.

-- The EC, under pressure from mounting supplies of barley and short on export outlets, has declared a barley subsidy for exports to Japan.

WHEAT

LATEST U.S. EXPORT FORECAST, SHIPMENTS AND SALES

Export Forecast: The U.S. wheat export forecast for 1986/87 (June/May), as of October 10, was decreased by 7 percent from the previous month to 29.3 million tons. This decrease was due to increased production by major U.S. competitors (up 5 percent to 126 million tons), a decline of 16 percent (3 million tons) in the Soviet import forecast to 16 million tons, and the failure of the USSR to purchase 3.9 million tons of wheat under the Long Term Agreement with the United States. The current export forecast represents 33 percent of total world trade, compared to 29 percent the previous year.

Shipments and Sales: Despite the reduced forecast, the wheat export market shows signs of recovery relative to the previous year, as wheat shipments during the past 5 weeks were up nearly 30 percent over the previous month, but more importantly the cumulative total is 28 percent greater than year-earlier shipments. Major shipping destinations for wheat were South Korea (183,000 tons), Nigeria (175,000 tons), and Tunisia (159,000 tons).

U.S. WHEAT SHIPMENTS, SALES, and INSPECTIONS
(JUNE/MAY--MILLION TONS)

Monthly SHIPMENTS

For Period Ending	1985/86	1986/87
July 17	1.9	2.5
Aug 21	2.2	3.5
Sept 18	1.7	2.5
Oct 23	2.8	3.2
Cumulative for MY..	9.9	12.7

------ Monthly SALES 1/ ------

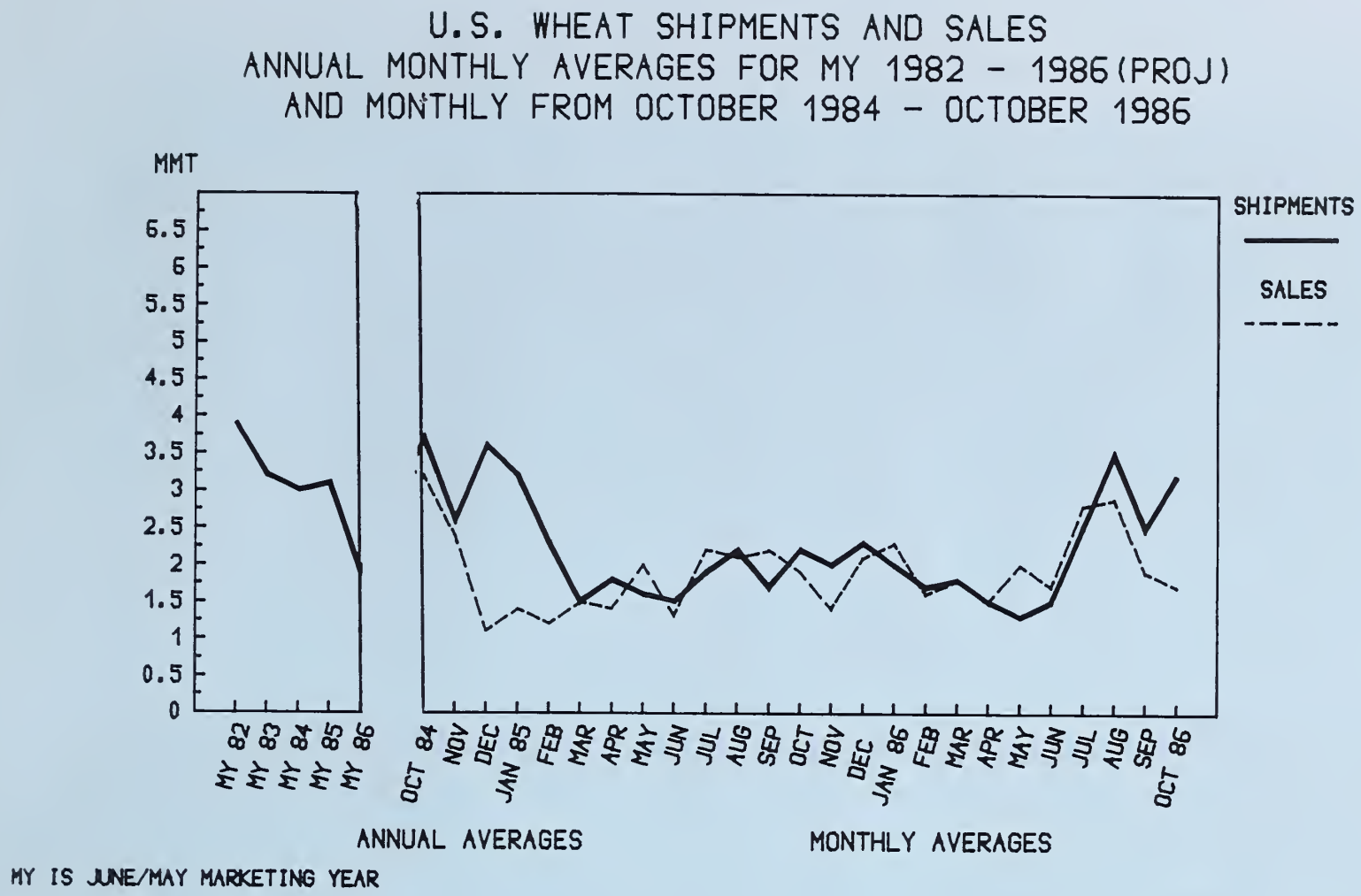
For Period Ending	1985/86	1986/87
July 17	2.3	2.8
Aug 21	2.1	2.9
Sept 18	2.3	1.9
Oct 23	2.7	1.7
Cumulative for MY..	14.4	15.6

Weekly and Annual INSPECTION Rates

Week Ending:	MT	BU
October 2	0.7	24.1
October 9	0.7	24.3
October 16.....	0.5	18.8
October 23	0.4	14.9
Cumulative Since Begin MY ..	13.0	476.5
Official Estimate for 1985/86 (Grain only)	27.5	1,010
Implied Weekly Average	0.5	19.4
Weekly Average for Latest Month	0.6	23.0
Marketing Year-to-Date Weekly Average	0.6	22.7
MY Year-to-Date Average Extrapolated Annually	32.1	1180
Weekly Average Required during Remainder of MY to Achieve Official Estimate ..	0.5	17.2
Weeks Remaining 31		

1/ Sales made since the beginning of the applicable marketing year, including sales for shipment in the next marketing year.

SOURCE: Shipments and sales data from U.S. Export Sales. Inspections data from the Federal Grain Inspection Service.



SUPPLY and DISTRIBUTION of U.S. WHEAT by CLASS
(MILLION BUSHELS)

Marketing Year beginning June 1	Hard Winter	Hard Spring	Soft Red	White	Durum	Total
--- 1985/86 ---						
Beginning Stocks	717	371	64	173	100	1,425
Production	1,230	460	368	254	113	2,425
Total Supply 1/	1,947	838	432	430	218	3,865
Domestic Use	543	174	204	80	44	1,045
Exports	395	166	149	152	53	915
Total Use	938	340	353	232	97	1,960
Ending Stocks	1,009	498	79	198	121	1,905
--- 1986/87 ---						
Beginning Stocks	1,009	498	79	198	121	1,905
Production	1,019	440	288	237	93	2,077
Total Supply 1/	2,028	942	367	438	217	3,991
Domestic Use	599	192	193	88	58	1,130
Exports	555	170	130	150	70	1,075
Total Use	1,154	362	323	238	128	2,205
Ending Stocks	874	580	44	200	89	1,786

1/ Includes imports.

SOURCE: World Agricultural Supply and Demand Estimates, No. 198 - October 10, 1986.

IMPORTER BUYING ACTIVITY

WHEAT and FLOUR IMPORTER BUYING ACTIVITY
REPORTED between SEPTEMBER 25, 1986 and OCTOBER 23, 1986 1/

Date of Purchase	Buyer	Origin	Quantity (tons)	Grade 2/	Price Range 3/ ($US per ton)	Delivery Period 4/
9/26	Brazil	U.S.	66,000	Wheat	104.31	November
9/29	So. Korea	U.S.	9,900	Wheat	99.15	Oct/Nov
	So. Korea	U.S.	7,600	HRW	104.15	Oct/Nov
	So. Korea	U.S.	2,500	DNS	125.55	Oct/Nov
10/05	Jordan	Saudi Arab.	100,000	Wheat	90.50 C&F	Jan/Feb/Mar
10/08	Peru	U.S.	20,000	HRW	104.07	October
10/15	Brazil	Argentina	50,000	Wheat	80.00	Jan/Feb/Mar
10/17	Sri Lanka	Saudia Arab.	30,000	Wheat	86.50 C&F	?
10/21	Senegal	U.S.	100,000	HRW	?	?
10/23	Brazil	Argentina	15,000	Wheat	79.25	Jan

1/ Does not include PL-480 sales.
2/ HRW=Hard Red Winter, HRS=Hard Red Spring, SRW=Soft Red Winter, HAD=Hard Amber Durum, WW=Western White ASW=Australian Soft White, CWRS=Canadian Western Red Spring, PH=Australian Prime Hard, AH=Australian Hard, GP=Australian General Purpose
3/ FOB unless otherwise noted.
4/ FH denotes first half; LH, last half.

SOURCE: Unofficial market news reports.

DEVELOPMENTS AFFECTING U.S. EXPORTS

Other Exporting Countries' Selling Activity and Competitive Practices

**Summary: Canada, which had been forecast in 1986/87 (July/June) to increase wheat shipments by 9 percent over the previous year, is lagging by 20 percent in comparison to last year's total to date. Argentina continues to experience a fall-off in exports, as cumulative shipments are down 85 percent relative to the previous year.

WHEAT SHIPMENTS by MAJOR EXPORTING COUNTRIES
RECENT MONTHS and SEASON TOTALS for 1985/86-1986/87
(JULY/JUNE--MILLION TONS)

	-- CANADA --		- AUSTRALIA -		- ARGENTINA -		- FRANCE 2/ -		-- TOTAL --	
For Period Ending 1/	85/86	86/87	85/86	86/87	85/86	86/87	85/86	86/87	85/86	86/87
July 19	0.9	1.4	0.9	1.2	0.4	0.1	0.4	0.2	2.6	2.9
August 21	1.2	1.6	1.2	1.2	0.3	0.1	0.4	0.3	3.1	3.2
September 18	2.2	0.6	1.0	1.0	0.3	*	0.6	NA	4.1	1.6
October 23	2.2	1.5	1.1	0.9	0.4	*	0.8	NA	4.5	2.4
Cumulative Since July 1 .	5.9	4.3	4.2	3.7	1.3	0.2	2.2	NA	13.6	8.2
Total for Season 3/.....	16.9	18.5	16.1	14.5	6.1	4.6	9.3	9.0	48.4	46.6

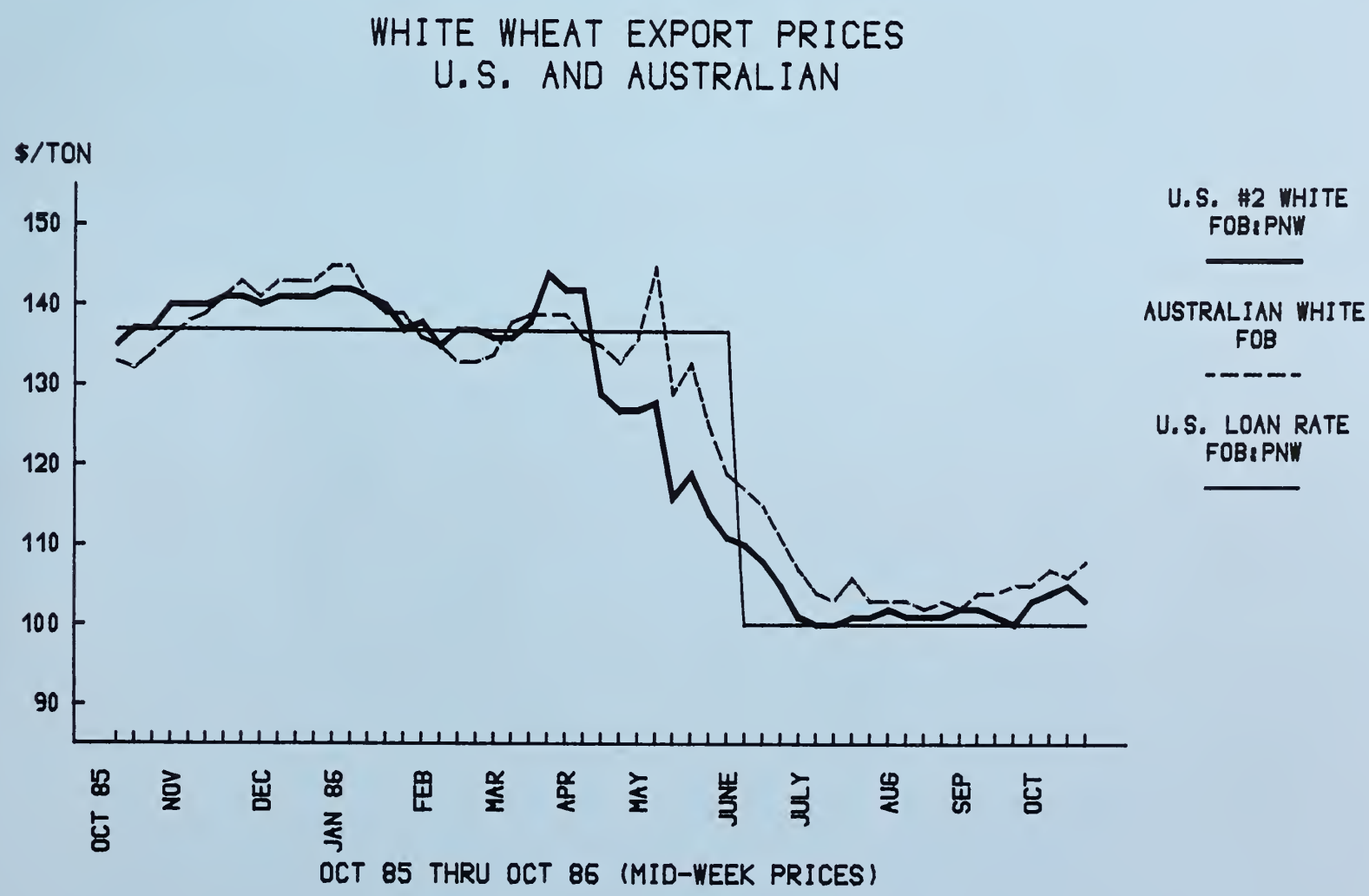
1/ Or nearest date.
2/ Excludes intra-EC trade.
3/ Forecast for 1986/87.
* - Less than 0.1, N/A - Data not available.

**Australia: After a year in which Australia exported a record 16.0 million tons of wheat (1985/86 July/June), the Australian Wheat Board (AWB) is "planning an aggressive marketing campaign" for the 1986/87 crop. Figures released by the AWB underscore their success in making inroads into the Chinese and Soviet wheat markets, expanding their exports to the two countries from 3.6 million tons to 5.7 million tons in 1985/86. Exports to China increased by 55 percent to 2.9 million tons and record amounts of 3.2 million tons were sold to Russia. This policy has negatively affected U.S. wheat exports to China and the USSR. In China, the United States has seen its market share drop from 64 percent in 1981/82 to only 8 percent in 1985/86. In contrast, Australia's market share increased from 11 percent to 35 percent over the same period.

Australian Wheat Exports
(July/June - MMT)

Destination	1984/85	1985/86
USSR	2.0	3.2
China	1.6	2.5
Egypt	2.2	2.4
Iran	2.0	1.0
Japan	1.2	1.1
Other	6.2	5.5
TOTAL	15.2	15.7

Note: 1985/86 data preliminary.
Source: Australian Bureau of Statistics



**European Community: In an effort to dispose of surplus new-crop wheat and reduce carry-over stocks of wheat, the EC is apparently working to regain market share in a number of key Mediterranean markets. This effort has been characterized by a sharp decline in EC export prices.

This downward price spiral started when the EC sold 1.25 million tons of wheat to the USSR for $80 per ton FOB or less, a price well below the intended $90 per ton the EC had been sustaining. In an effort to regain market share in the Mediterranean, the EC continued to reduce prices, reportedly selling wheat to Turkey and Tunisia for $73 per ton and $69-71 per ton, respectively. During October, another round of sales led to sharp declines in EC export prices, when France sold 100,000 tons of wheat to Egypt for $67 per ton FOB (equivalent). This sale was also significant since in recent years France had only exported wheat flour to Egypt; consequently, the sale may have marked a move toward expansion into the Egyptian wheat import market, where the United States current market share is about 20 percent. Finally, France sold 200,000 tons of wheat to Algeria for $63.50 FOB along with COFACE financing. The combined total of these exports added up to about 1.5 million tons, during which time the United States had virtually no sales.

French Wheat and Wheat Flour Exports to Egypt
(July/June - 1,000 MTGE)

Year	Wheat	Flour
1981/82	32	970
1982/83	97	1,039
1983/84	706	854
1984/85	0	1,149
1985/86	0	1,003

Source: French export data.

The next indication of EC price trends may come in Syria, where the EC is reportedly in the process of selling up to 1.0 million tons of mainly French wheat to Syria, along with COFACE financing. Any sale of wheat would not be surprising, as the EC has supplied nearly half of Syria's wheat import needs since 1984. In addition, the United States may enter the market having offered 700,000 tons of EEP wheat to Syria to help meet its wheat import needs of 1.2 million tons for 1986/87.

Competitive Developments in Selected Foreign Markets

**Nigeria: As part of its declared goal of self sufficiency, the Nigerian government has banned the importation of wheat and wheat products, effective September 29, 1986. Nigeria had earlier announced the ban to be effective January 1, 1987. The immediate effect of this announcement on U.S. exports is unclear, since wheat imports were allowed to continue under previously issued 1986 import licenses in cases where financing has been arranged. The long term impact could be considerable. The United States was once the sole supplier to this 1.1-1.7 million ton wheat import market, but aggressive competitor pricing and financing has reduced U.S. market share. Since early 1985, Argentina, then Canada and the EC entered this market with significant sales; now Australia has made its first-ever sale for late 1986 delivery on the basis of an advantageous price/financing combination. In 1986/87 (July/June), Nigeria had been forecast to import 1.1 million tons of wheat of which the United States has already shipped 579,000 tons. Nigeria's own wheat production is extremely limited.

Nigerian Wheat Supply and Demand
(July/June - 1,000 MT)

Year	Production	Utilization	Total Imports	Imports from U.S.	(%)
1982/83	30	1,565	1,500	1,303	87
1983/84	35	1,595	1,600	1,550	97
1984/85	42	1,774	1,750	1,632	93
1985/86 1/	50	1,250	1,100	900	82
1986/87 2/	55	1,340	1,300	n.a.	n.a.

1/ Estimated
2/ Forecast
Source: USDA

**Austria: Though offering to sell 300,000 tons of wheat in response to the Soviets' request for 500,000 tons, Austria ended up selling only 60,000 tons of wheat. The sale was also significant due to the contract terms, which have been confirmed as being the same as in previous years. In July, the Soviets attempted to impose new stringent purchasing terms on all suppliers. While these demands have been apparently relaxed, it is not known what contractual obligations the Soviets have required in their recent purchases of EC wheat and Canadian barley.

Internal Price Policies of Foreign Countries

**Major Exporters: The latest support prices for the principal world wheat exporters, for their respective marketing years, are listed below. It should be noted that prices are not strictly comparable because U.S., Argentine, and EC prices are on a local delivery point basis, while Australian and Canadian prices are on a coastal location basis and represent their respective marketing boards' initial payments to producers. Prices also are not directly comparable due to quality differences. For example, in terms of quality differentials, the Canadian price is set for No. 1 Canadian Western Red Spring (CWRS), while No. 2 CWRS currently is discounted Can$6 per ton and No. 3 CWRS is discounted Can$14 per ton. No. 1 CWRS has represented about 40 percent of Canadian wheat exports over the past 10 years. EC prices given below are for medium quality wheat and include monthly incremental storage costs.

Major Grain Exporters': Support Prices for Wheat
(per Metric Ton)

EXPORTER	1984/85 $ U.S. Eq. 1/	1984/85 Local Currency		1985/86 $ U.S. Eq. 1/	1985/86 Local Currency		1986/87 $ U.S. Eq. 1/	1986/87 Local Currency	
U.S. (Loan)	$121	$121	($US)	$121	$121	($US)	$88	$88	($US)
Argentina (Reference) .	$89	4800	2/	$81	65	2/	$90	72	2/
Australia (Min. Paymt.)	$122	146	($A)	$105	150	($A)	$81	131	($A)
Canada (Initial Paymt.)	$121	160	($C)	$117	160	($C)	$94	160	($C)
EC-12 (Lower Qual.) 3/	NA	NA	(ECU)	NA	NA	(ECU)	$185	$170	(ECU)
(Intervention) 4/	NA	NA	(ECU)	NA	NA	(ECU)	$194	$179	(ECU)
(Superior Qual.) 5/	NA	NA	(ECU)	NA	NA	(ECU)	$198	$183	(ECU)

1/ $ U.S. equivalent calculated by using the "year to date" exchange rate for each year.
2/ Exchange rate in australs as of January 1986. Caution should be taken when using the local price and its $ U.S. equivalent because of the frequent changes in the support price and the volatility of the Argentine exchange rate.
3/ Support price for feed-quality wheat.
4/ Support price for bread-quality wheat.
5/ Support price for superior-quality wheat. Two percent premium over medium-quality wheat.

**European Community: The EC authorized the sale of 585,000 tons of free-market wheat for export with a subsidy of 132 ECU/MT ($138/MT). This is the largest weekly authorization since November 1985; however, cumulative authorizations to date total only 900,000 tons in comparison to 4-5 million tons of free market exports in earlier years.

The EC has been emphasizing the export of intervention stocks at the expense of free-market wheat for a number of reasons. First, the sale of intervention stocks reduces storage costs. Second, since storage space is limited as a result of years of over-production, there is a need to make room for incoming wheat when intervention stores open. Third, by restricting the supplies for free-market wheat exports, the EC forces farmers either to store their production at their own cost or sell their wheat in the domestic market, forcing prices down. A domestic price drop benefits the EC in two ways. By reducing the difference between world prices and domestic prices, export subsidy costs are reduced. Secondly, lower prices might stimulate domestic demand.

**European Community: After selling 1.25 million tons of French wheat to the USSR, the EC has cancelled the special subsidy which would permit more of these sales. The lack of Soviet interest in further wheat purchases was cited as the reason for the cancellation. However, in view of the EC's reluctance to carry large wheat stocks, pressure to sell to the USSR will likely remain strong.

OTHER DEVELOPMENTS AFFECTING U.S. EXPORTS

**Canada: The month-long strike at Thunder Bay which threatened to shut down East Coast grain exports, ended after dock-workers voted to accept a new contract. However, in the West Coast ports of Vancouver and Prince Rupert, the labor dispute, which locked out longshoremen from the ports October 6-9, has been suspended for 30 days pending the result of negotiations. Canada, which is reaping a bumper grain crop of 58 million tons (versus 49 million tons in 1985), depends on Thunder Bay and Vancouver/Prince Rupert Ports as outlets for over 90 percent of total grain exports. Canadian wheat exports, originally forecast at 19.5 million tons in 1986/87 (July/June), have been reduced by 5 percent, due partly as a result of the month long strike.

**Taiwan: A private trade agreement between U.S. exporters and Taiwanese importers, which expired in June 1986, has been renewed. Under the new agreement, the Taiwanese have pledged to purchase from the United States, 8.6 million tons of corn, 2.85 million tons of wheat, 1.0 million tons of barley, and 5.7 million tons of soybeans over a five year period. This accord should provide a stable market base for U.S. grain exports, which have been facing increasing competition from Australia, Thailand, South Africa, and Argentina. Under the previous 5-year agreement (1981-1986 July/June), Taiwan's imports of U.S. grains (17.0 million tons) were nearly 40 percent greater than pledged levels and in 1985/86 accounted for 6 percent of total U.S. exports.

Taiwanese Grain Imports Under U.S.-Taiwan Agreement
(July/June - 1,000 MT)

	Wheat		Corn		Barley	
Year	Agreement	Actual	Agreement	Actual	Agreement	Actual
1981/82	550	619	1,600	1,328	100	277
1982/83	550	655	1,650	2,511	200	197
1983/84	570	498	1,700	3,242	200	222
1984/85	590	633	1,800	3,017	200	205
1985/86	590	700	1,850	2,800	200	150
TOTAL	2,850	3,105	8,600	12,898	900	1,051

Source: USDA

**USSR: An increase in estimated production along with lower forecast utilization, have led to a 3 million ton drop in the 1986/87 (July/June) wheat import forecast for the USSR, to 16.0 million tons. In 1985/86 the USSR purchased 16.0 million tons of wheat; 150,000 coming from the United States. Since the USSR accounts for about 20 percent of world wheat trade, a decline in their import requirements will increase competitive pressure on the United States in markets outside the USSR.

U.S. EXPORT EXPANSION ACTIVITIES

**EEP Summary: The special Export Enhancement Program, made available to encourage the Soviets to purchase 4 million tons of wheat at competitive prices, ended September 30 with no purchases by the USSR.

New EEP Initiatives (Sept. 19-Oct.23)

Commodity	Country	Quantity
Wheat	Egypt	1,000,000
"	Yugoslavia	500,000
"	Zaire	40,000
Wheat Flour	Cameroon	20,000
TOTAL		1,560,000 MT

EEP Sales (Sept. 19-Oct. 23)

Wheat	Benin	10,000
"	Tunisia	225,000
Wheat Flour	Yemen	50,000
TOTAL		285,000 MT

**Yugoslavia: Due to poor quality domestic wheat and eagerness to improve the quality of pasta products, Yugoslavia has approved the import of 18,000 tons of durum. This approval may indicate Yugoslavia's interest in importing larger quantities. Yugoslavia, which is forecast to import in 1986/87 (July/June) 800,000 tons of wheat, has so far been pleased with the baking qualities of the 332,000 tons of U.S. wheat imported under the Export Enhancement program (EEP) since June 1985. Under the EEP, Yugoslavia has been allocated a further 500,000 tons of wheat, giving it the choice of buying a total of 568,000 tons of EEP wheat in 1986/87.

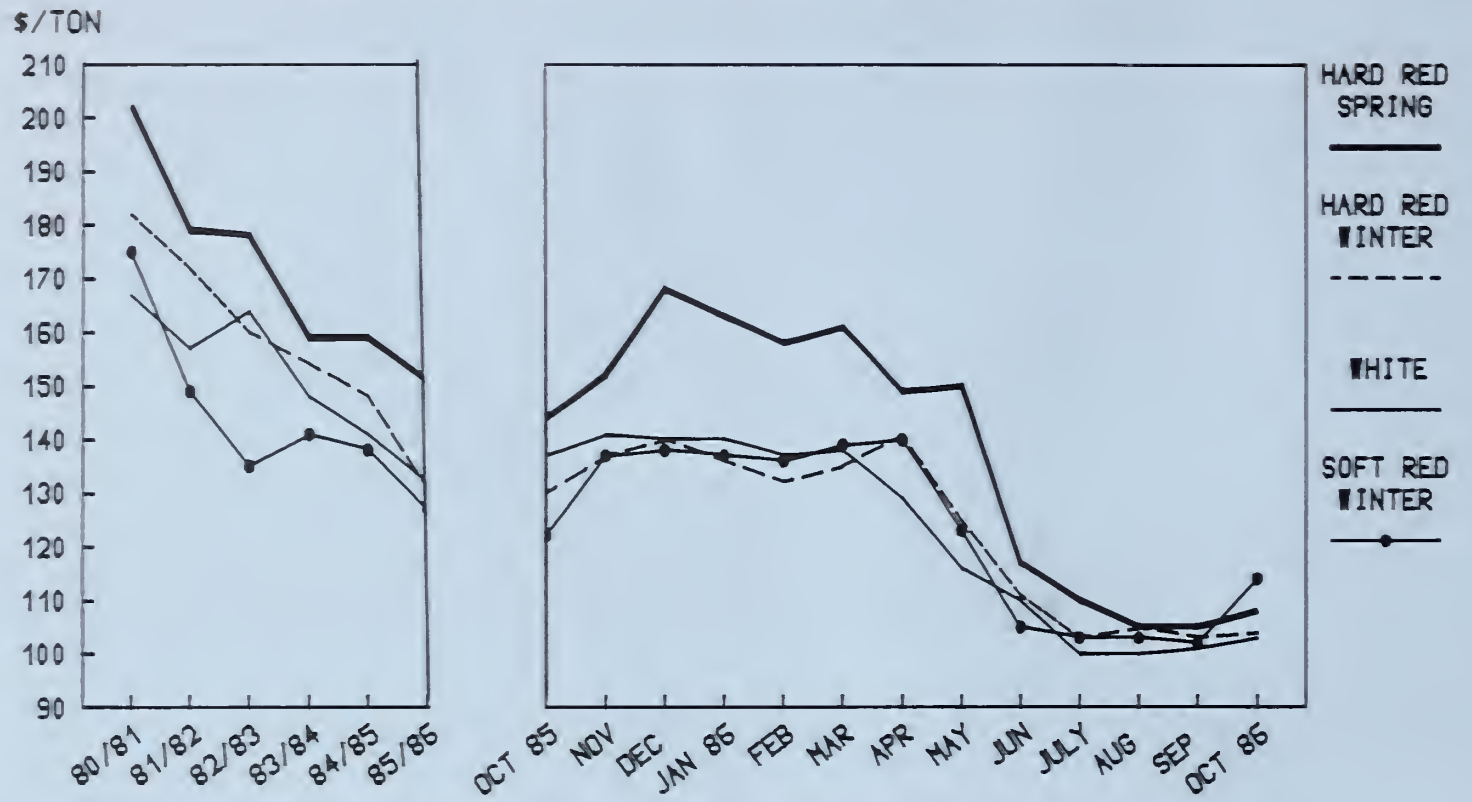
Status of the Export Enhancement Program
as of October 23, 1986

Country	Date	Commodity	Amount Offered (MT)	Amount Purchased (MT)
Algeria	June 4, 85	Wheat	1,000,000	1,000,000
	Apr. 10, 86	Wheat	1,000,000	-----
	Feb. 11, 86	Semolina	250,000	-----
	Feb. 25, 86	Wheat Flour	100,000	-----
	Apr. 17, 86	Barley	500,000	-----
Benin	Apr. 7, 86	Wheat	45,000	30,000
Cameroon	Oct. 14, 86	Wheat Flour	20,000	-----
Canary Is.	Aug. 8, 86	Wheat	100,000	-----
Cyprus	Aug. 26, 86	Barley	150,000	25,000
Egypt	July 2, 85	Wheat Flour	600,000	600,000
	July 26, 85	Wheat	500,000	500,000
	Oct. 30, 85	Wheat	500,000	512,500
	June 24, 86	Wheat	552,000	529,000
	Aug. 6, 86	Semolina	30,000	-----
	Aug. 6, 86	Wheat Flour	600,000	-----
	Oct. 8, 86	Wheat	1,000,000	-----
Iraq	Dec. 9, 85	Wheat Flour	150,000	100,000
Israel	June 17, 86	Barley	200,000	36,200
Jordan	Nov. 8, 85	Rice	40,000	38,700
	Mar. 19, 86	Wheat	75,000	75,000
	June 17, 86	Barley	60,000	-----
	June 20, 86	Wheat	75,000	75,000
Morocco	Sep. 30, 85	Wheat	1,500,000	890,000
Nigeria	Dec. 10, 85	Barley Malt	100,000	4,400
Philippines	Nov. 15, 85	Wheat Flour	100,000	50,000
	Jan. 7, 86	Wheat	150,000	152,400
	Oct., 86	Barley Malt	60,000	-----
Romania	Sept. 24 86	Barley	200,000	-----
Saudi Arabia	May 7, 86	Barley	500,000	500,000
	Aug. 6, 86	Barley	250,000	250,000
	Sept. 16 86	Barley	300,000	300,000
	Oct. 8, 86	Barley	200,000	201,000
Senegal	July 17, 86	Wheat	100,000	-----
Sri Lanka	May 16, 86	Wheat	125,000	75,000
Syria	Apr. 8, 86	Wheat	700,000	-----
Tunisia	Mar. 18, 86	Wheat	300,000	300,000
	Aug. 22, 86	Wheat	800,000	250,000
Turkey	Oct. 16, 85	Wheat	500,000	506,600
	May 8, 86	Wheat	500,000	-----
Venezuela	Sept. 4, 86	Barley Malt	100,000	-----
Yemen	Aug. 20, 85	Wheat Flour	50,000	50,000
	Sep. 6, 85	Wheat	100,000	50,000
	Apr. 14, 86	Wheat Flour	100,000	63,000
	Apr. 14, 86	Poultry Feed	150,000	-----
Yugoslavia	Apr. 10, 86	Wheat	200,000	200,000
	June 24, 86	Wheat	200,000	131,900
	Oct. 7, 86	Wheat	500,000	-----
Zaire	Nov. 18, 85	Wheat Flour	64,000	64,000
	Dec. 27, 85	Wheat	40,000	40,000
	May 15, 86	Wheat	40,000	40,000
	May 15, 86	Wheat Flour	30,000	-----
	Oct. 10, 86	Wheat	40,000	-----

Commodity Totals	Amount Offered (MT)	Amount Purchased (MT)
Wheat	10,642,000	5,357,400
Flour 1/.....	1,814,000	927,000
Semolina	280,000	-----
Rice	40,000	38,700
Barley Malt 1/	260,000	4,400
Poultry Feed	150,000	-----
Barley	2,360,000	1,312,200
TOTAL	15,546,000	7,639,700

1/ Not in grain equivalent.

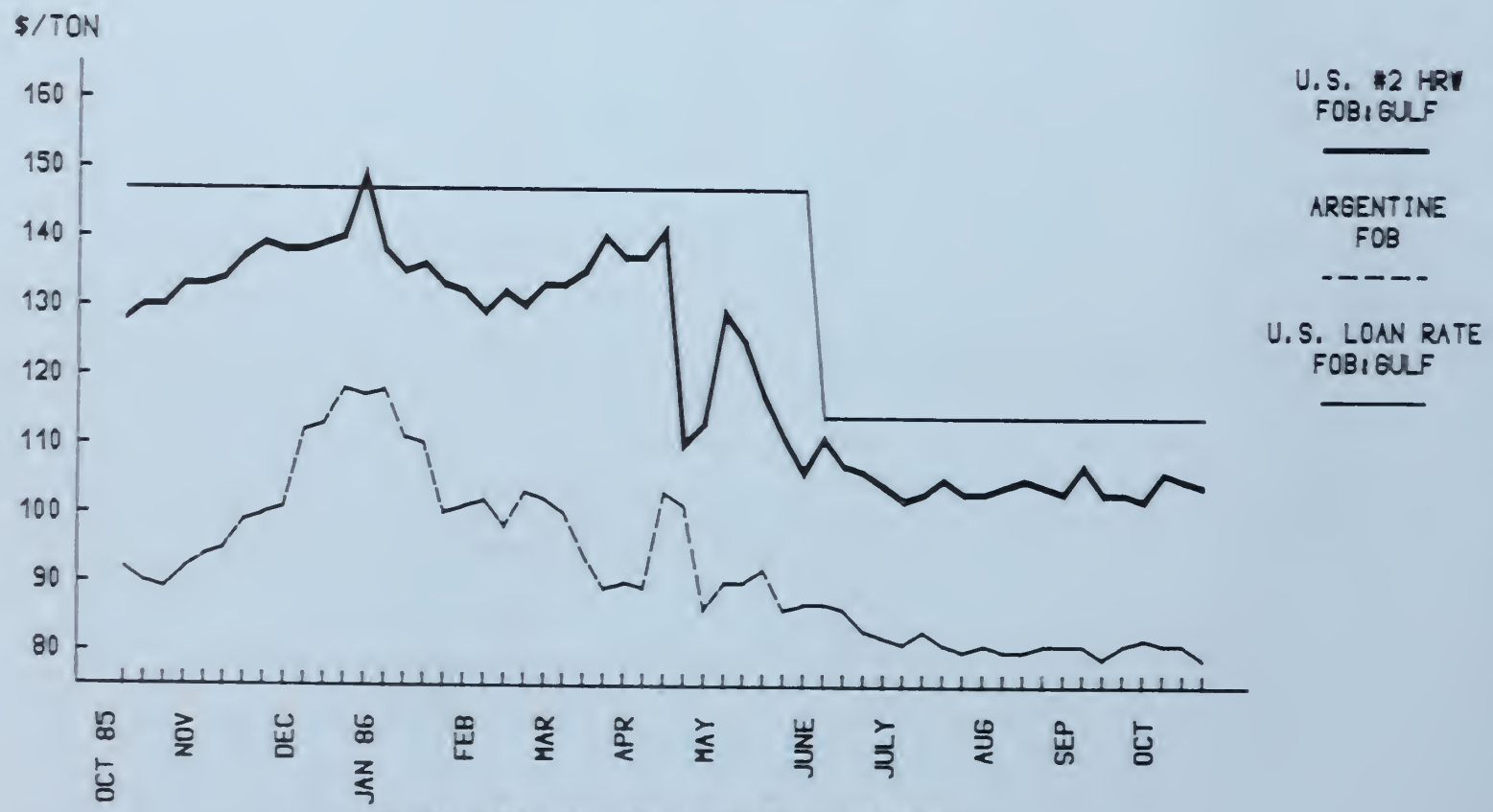
U.S. WHEAT EXPORT PRICES FOB GULF EXCEPT FOB PNW FOR WHITE WHEAT AND FOB LAKES FOR HARD RED SPRING*



YEARLY AVERAGE (JUL/JUN) OCT 85-OCT 86 MID MONTH

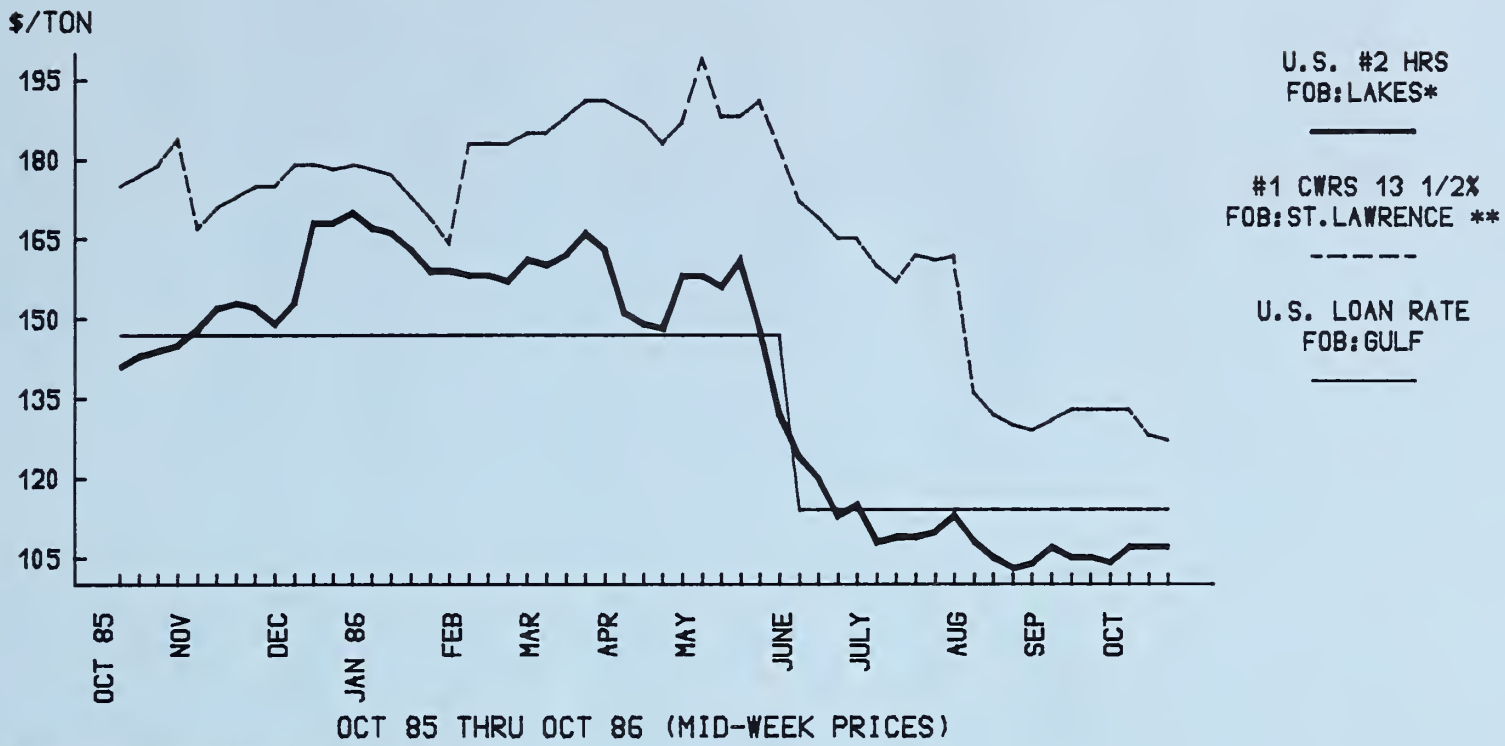
* FOB GULF DURING WINTER MONTHS (DEC THRU MAR)

HARD RED WINTER WHEAT EXPORT PRICES U.S. AND ARGENTINE



OCT 85 THRU OCT 86 (MID-WEEK PRICES)

HARD RED SPRING WHEAT EXPORT PRICES
U.S. AND CANADIAN



OCT 85 THRU OCT 86 (MID-WEEK PRICES)

*FOB GULF DURING WINTER MONTHS (DEC THRU MAR)
**FOB ST. LAWRENCE AS OF FEB 1986
FOB THUNDER BAY PRIOR TO FEB 1986

Credit
==========

U.S. WHEAT/FLOUR TRADE WITH SELECTED COUNTRIES
UNDER CCC GUARANTEE PROGRAMS 1/

	FY 1985		FINAL FY 1986		
	Guarantees Approved -$ Millions-	Est. Quantity Shipped --1,000 Tons--	Programs Announced -----$ Millions-----	Programs Approved	Estimated Quantity Purchased 2/ ----1,000 Tons----
Algeria	--	--	$70.1	$44.4	317.1
Bangladesh ..	$42.1	280.7	--	--	--
Brazil	$272.5	1,816.7	$150.0	$65.9	470.7
Chile	$59.5	396.7	$42.0 4/	$18.9	135.0
Colombia	$79.0	526.7	$96.0	$24.6	175.7
Ecuador	$32.6	217.3	$55.0	$50.4	360.0
Egypt	$77.6	464.0	$145.0 4/	$140.7	900.7
Guatemala ...	$16.1	107.3	--	--	--
Haiti	$7.5	50.0	$7.5	$5.0	35.7
Iraq	$88.5	590.0	$127.7 4/	$122.2	754.5
Jamaica	$4.2	28.0	$7.5 4/	$1.1	7.9
Jordan	$19.9	132.7	$54.0	$12.4	88.6
Korea	$108.9	726.0	$160.0	$159.1	1,136.4
Morocco	--	--	$150.0	$101.2	722.9
Pakistan	$40.1	267.3	$45.0	--	--
Philippines .	$43.2	288.0	--	--	--
Portugal	$97.0	646.7 3/	$73.0	$33.7	240.7
Senegal	--	--	$8.5	--	--
Tunisia	--	--	$41.0	$34.9	249.3
Turkey	$10.1	67.3	$120.0	$59.2	422.9
Yemen	-- 5/	--	$40.0 4/	$9.9	70.7
TOTAL.....	$998.8	6,605.4	$1,322.2	$839.2	5,771.6

1/ Includes GSM-102 as of September 30, 1986.
2/ Estimated quantity purchased with Approved Funds based on $140 per ton for wheat and $190 per ton for wheat flour.
3/ Wheat or feed grains.
4/ Wheat and wheat flour.
5/ $20 million allocated.

U.S. WHEAT EXPORT COMMITMENTS by CLASS to MAJOR DESTINATIONS
TOTAL EXPORTS for 1984/85 - 1985/86; COMMITMENTS to DATE for 1986/87 with COMPARISON to 1985/86
(JUNE/MAY--1,000 TONS)

Destination	Marketing Year	Hard Red Winter	Hard Red Spring	Soft Red Winter	All White	Durum	Total
EC-12	1984/85	340	713	222	--	191	1,466
	1985/86	337	620	162	--	193	1,312
	1985/86*	233	297	196	--	109	835
	1986/87**	7	440	133	--	155	735
Other W. Europe	1984/85	168	69	420	--	35	692
	1985/86	496	108	--	6	11	621
	1985/86*	26	84	--	6	4	120
	1986/87**	105	52	--	--	3	160
USSR	1984/85	6,339	--	--	--	--	6,339
	1985/86	153	--	--	--	--	153
	1985/86*	150	--	--	--	--	150
	1986/87**	--	--	--	--	--	0
China	1984/85	105	--	2,630	--	--	2,735
	1985/86	--	--	581	--	--	581
	1985/86*	--	--	549	--	--	549
	1986/87**	--	--	--	--	--	0
Japan	1984/85	1,277	1,034	--	986	10	3,307
	1985/86	1,294	948	--	937	57	3,236
	1985/86*	685	535	--	564	21	1,805
	1986/87**	600	632	--	501	43	1,776
Taiwan	1984/85	299	211	--	145	--	655
	1985/86	284	225	--	147	--	656
	1985/86*	352	223	--	144	--	719
	1986/87**	301	217	--	146	--	664
Rep. of Korea	1984/85	657	225	--	1,094	--	1,976
	1985/86	594	246	3	1,113	--	1,956
	1985/86*	297	111	3	518	--	929
	1986/87**	255	124	--	485	--	864
Other Asia, Middle East, and Oceania	1984/85	1,998	963	178	1,502	--	4,641
	1985/86	1,783	757	143	1,185	--	3,868
	1985/86*	809	406	46	704	--	1,965
	1986/87**	986	699	201	818	--	2,704
Egypt	1984/85	--	--	429	1,205	--	1,634
	1985/86	--	--	1,361	130	--	1,491
	1985/86*	--	--	734	--	--	734
	1986/87**	--	--	1,262	97	--	1,359
Nigeria	1984/85	1,324	198	111	--	--	1,633
	1985/86	853	21	83	--	--	957
	1985/86*	634	32	70	--	--	736
	1986/87**	475	95	35	--	--	605
Other Africa	1984/85	421	39	2,012	42	802	3,316
	1985/86	1,507	78	816	--	762	3,163
	1985/86*	655	1	624	--	165	1,445
	1986/87**	1,064	96	696	--	851	2,707
Brazil	1984/85	3,075	--	67	--	--	3,142
	1985/86	722	--	--	--	--	722
	1985/86*	721	--	--	--	--	721
	1986/87**	573	--	--	--	--	573
Other W. Hemis.	1984/85	1,951	1,261	432	159	282	4,085
	1985/86	1,493	1,182	586	2	231	3,494
	1985/86*	1,374	747	510	2	159	2,792
	1986/87**	1,239	881	272	69	229	2,690
Total 1/	1984/85	17,952	4,713	6,500	5,149	1,420	35,734
	1985/86	9,514	4,203	3,735	3,521	1,341	22,314
	1985/86*	6,086	2,613	2,722	1,937	724	14,082
	1986/87**	6,132	3,306	2,625	2,116	1,374	15,553
MY Projection 2/		15,105	4,627	3,538	4,082	1,905	29,257

1/ Discrepancies due to rounding and sales to unknown destination.
2/ Projections for 1986/87, including flour and products.
* Sales plus accumulated exports as October 24, 1985, excluding sales for next marketing year.
** Sales plus accumulated exports as October 23, 1986, excluding sales for next marketing year.

SOURCE: U.S. Export Sales.

PL-480

FY 1987 PUBLIC LAW TITLE I/III
COUNTRY AND COMMODITY ALLOCATIONS
OCTOBER 23, 1986

Countries with $790 or Less Per Capita GNP	TOTAL ($Millions)	----- (1,000 Tons Grain Equivalent) ---- WHEAT/FLOUR	RICE	FEEDGRAINS
Bangladesh ..	$64.0	318.0	14.0	--
Bolivia	$20.0	155.0	--	--
Egypt	$185.0	1,400.0 1/	--	--
El Salvador .	$45.0	147.0	--	--
Ghana	$8.0	--	11.0	--
Guinea	$8.0	--	29.0	--
Haiti	$18.0	116.0	--	--
Honduras	$14.0	109.0	--	--
Indonesia ...	$15.0	116.0	--	--
Kenya	$8.0	62.0	--	--
Liberia	$10.0	--	36.0	--
Madagascar ..	$8.0	--	14.0	--
Morocco	$40.0	310.0	--	--
Mozambique ..	$10.0 2/	31.0	11.0	28.0
Pakistan	$50.0	--	--	--
Senegal	$5.0	--	18.0	--
Sierra Leone	$4.0	16.0	7.0	--
Somalia	$20.0 3/	52.0 1/	18.0	--
Sri Lanka ...	$19.0	147.0	--	--
Sudan	$50.0 4/	378.0 1/	--	--
Yemen	$5.0	--	18.0	--
Zaire	$17.0	93.0	--	--
Zambia	$10.0	39.0	--	--
SUBTOTAL ..	$633.0	3,489.0	176.0	28.0
Countries over $790 Per Capita GNP				
Costa Rica ..	$18.0	124.0	--	19.0
Dominican Rep	$30.0	93.0	--	85.0
Guatemala ...	$19.0	101.0	--	--
Jamaica	$30.0	101.0	21.0	85.0
Peru	$10.0	39.0	11.0	--
Tunisia	$5.0	39.0	--	--
SUBTOTAL ..	$112.0	497.0	32.0	189.0
Total Allocated ...	$745.0	3,986.0	208.0	217.0
Unallocated Reserve	$100.0			
Total Program	$845.0			

1/ All or some portion in wheat equivalent of flour.

CORN AND SORGHUM

LATEST U.S. EXPORT FORECAST, SHIPMENTS, AND SALES

Export Forecast: The 1986/87 (Sept./Aug.) export forecast for corn as of October 10, has been decreased by 10 percent to 35.6 million tons, largely as a result of a 6-percent decrease in the forecast for world import demand. The sorghum export forecast for 1986/87 remains unchanged at 6.1 million tons.

Shipments and Sales: Corn shipments of 3.5 million tons in the 5-week period ending October 23, were up sharply over the previous month, while the cumulative total to date is marginally higher than the previous year. Major destinations for corn shipments were Japan (1.5 million tons) and Egypt (339,000 tons). Sorghum shipments of 500,000 tons were 2 1/2 times previous month's shipments, while sales remained largely unchanged.

U.S. CORN and SORGHUM SHIPMENTS, SALES, and INSPECTIONS
(SEPTEMBER/AUGUST--MILLION TONS)

------ Monthly SHIPMENTS ------

For Period Ending	CORN 84/85	CORN 85/86	SORGHUM 84/85	SORGHUM 85/86
July 17	2.3	1.3	0.2	0.4
Aug 21	2.7	1.2	0.7	0.5
Total for MY ...	43.9	31.6	6.3	4.5
	85/86	86/87	85/86	86/87
Sept 18	1.8	1.6	0.5	0.2
Oct 23	2.8	3.5	1.8	0.5
MY Cumulative	4.2	4.5	1.2	0.7

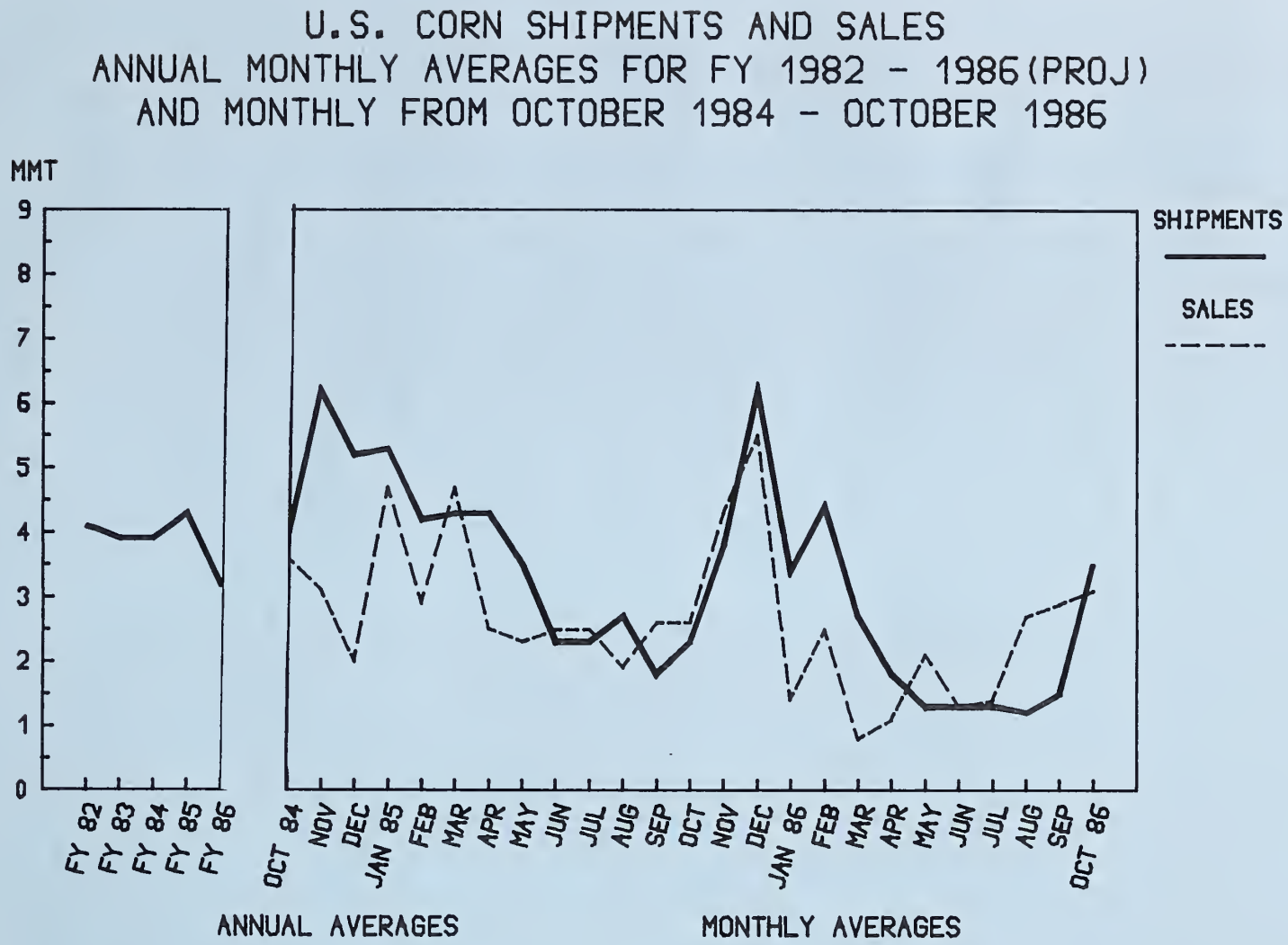
------ Monthly SALES 1/ ------

For Period Ending	CORN 84/85	CORN 85/86	SORGHUM 84/85	SORGHUM 85/86
July 17	2.5	1.4	0.6	0.3
Aug 21	3.8	2.7	0.5	0.5
Total for MY ...	50.6	37.9	7.8	5.0
	85/86	86/87	85/86	86/87
Sept 18	2.6	2.9	0.3	0.4
Oct 23	6.8	2.4	1.3	0.4
MY Cumulative 2/	13.5	10.8	2.2	1.5

Weekly and Annual INSPECTION Rates

Week Ending	CORN MT	CORN BU	SORGHUM MT	SORGHUM BU
October 2	0.8	29.9	.0	1.8
October 9	0.6	22.3	0.2	6.1
October 16	0.6	22.2	0.1	4.4
October 23	0.9	34.8	0.1	2.2
Cumulative Since Begin MY ...	4.5	176.9	0.7	27.7
Official Estimate for 1985/86 (Grain only)	35.1	1,383	6.1	240
Implied Weekly Average	0.7	26.6	0.1	4.6
Weekly Average for Latest Six Weeks	0.7	26.0	0.1	3.8
Marketing Year-to-Date Weekly Average	0.6	22.1	0.1	3.6
MY Year-to-Date Average Extrapolated Annually	29.2	1150	4.7	185
Weekly Average Required during Remainder of MY to Achieve Official Estimate ...	0.7	27.4	0.1	4.8
Weeks Remaining	44			

1/ Sales made since the beginning of the applicable marketing year, including sales for shipment in the next marketing year.
2/ Monthly figure and cumulative includes carry-over from previous year.



U.S. MARKET OPPORTUNITIES

**China: In a move which may lead to further U.S. corn exports, China, after a 3-year absence from the U.S. corn market, purchased 30,000 tons of U.S. corn at $86/MT C&F Shanghai. The last time China bought any U.S. corn was in 1982/83 (Oct./Sept.), when China imported 2.2 million tons. While intense marketing efforts are being undertaken in China by the U.S. Feedgrains Council, it is unclear whether this sale represents a new trend or is just a substitute for corn from Thailand, some of which has caused problems due to the presence of Aflatoxin. Since 1983/84, China has imported annual amounts of corn of less than 500,000 tons, mainly from Thailand. However, due to internal infrastructural problems, a need for foreign exchange, and increased production reforms, China has also been exporting 5.0-6.0 million tons of corn annually since 1984/85. These exports have been directed mainly to Japan, USSR, and Korea, directly competing with U.S. corn exports. Late breaking rumors of very large Chinese purchases have yet to receive any substantiation.

**Brazil: Record utilization in the Brazilian feed sector and a 10-percent drop in production in 1986, could lead to greater than anticipated sales of U.S. corn to Brazil in 1986/87 (Oct./Sept.). Brazilian officials estimate corn import needs through February 1987, to be 1.5-2.0 million tons. In 1985/86 (Oct./Sept.) Brazil imported a record 1.9 million tons of corn of which approximately half was supplied by the United States. So far, Brazil has issued licenses for the purchase of 1.0 million tons of U.S. corn in the first month of the marketing year.

DEVELOPMENTS AFFECTING U.S. EXPORTS

Other Exporting Countries' Selling Activities and Competitive Practices

**Summary: Major competitor shipments of corn and sorghum during the 5-week period ending October 23, totaled 500,000 tons continuing a downward trend since July 19, 1986. Cumulative totals for this market year of 300,000 tons is half of last years total to date, emphasizing this slowdown.

CORN and SORGHUM SHIPMENTS by MAJOR EXPORTING COUNTRIES
RECENT MONTHS and SEASON TOTALS for 1984/85-1986/87
(OCTOBER/SEPTEMBER--MILLION TONS)

	- SORGHUM -		---------- CORN ----------					
	ARGENTINA		ARGENTINA		THAILAND		--- TOTAL ---	
For Period Ending 1/	84/85	85/86	84/85	85/86	84/85	85/86	84/85	85/86
July 19	0.5	0.2	0.9	1.1	0.1	0.2	1.5	1.5
August 21	0.3	0.3	0.6	1.0	0.2	0.2	1.1	1.5
September 18	0.1	0.1	0.1	0.4	0.2	0.2	0.4	0.7
Total for Season	3.4	2.1	7.1	7.4	3.0	3.7	13.5	13.2
For Period Ending 1/	85/86	86/87	85/86	86/87	85/86	86/87	85/86	86/87
October 23	0.1	0	0.2	0.3	0.4	0.2	0.7	0.5
Cumulative Since October 1	0.1	0	0.2	0.2	0.4	0.1	0.7	0.3
Total for Season 2/	2.1	1.7	7.4	8	3.7	2.9	13.2	12.6

1/ Or nearest date.
2/ Forecast for 1986/87
- Less than 0.1, N/A - Data not available.

**European Community: This month, the EC held the first two reduced-levy import tenders for corn under the U.S.-EC interim compensation agreement on Spanish accession. However, the bids of 100-160 ECU/ton ($103-164/MT) for 300,000 tons of corn were all rejected as too low compared to the normal levy of about 175 ECU/MT ($183/MT). Since these were the first set of tenders, traders may have been testing the lower limits of the levy. The EC would have to accept sharply lower levies - possibly by 25-50 ECU - if the imported corn were to compete with domestic EC corn for starch or feed compounders.

Under the U.S.-EC interim agreement on Spanish accession, the EC is to monitor Spanish imports of feedgrains (most of which have come from the United States in recent years) up to 234,000 tons. Any shortfalls in monthly imports of feedgrains (i.e., less than 234,000 tons), are to made up from imports of feedgrains tendered for under a reduced levy.

Competitive Developments in Selected Foreign Countries

**USSR: After falling to the lowest levels since 1975, the outlook for U.S. corn exports in 1986/87 (Oct./Sept.) remains uncertain as improved harvest prospects in the USSR have led to a 12-percent reduction in the Soviet corn import forecast for 1986/87, currently estimated at 11.8 million tons. Since the USSR serves as a market for about 15-20 percent of U.S. corn exports, any reduction in import demand will likely erode our market share. In addition, Argentina, which supplied only approximately 400,000 tons of corn to the USSR in 1985/86, may try to attain their traditional export level of about 2.0 million tons in 1986/87, further displacing the U.S. corn.

**Argentina: Under the current 5-year Long Term Agreement between the USSR and Argentina, the USSR was supposed to purchase 4.0 million tons of corn and sorghum annually from Argentina during the period 1986 through 1990. The Soviets failed to meet their commitments, purchasing only 400,000 tons of corn in 1986. The Soviets have apparently assured the Argentinians that in 1987 they will fulfill their obligations; however, wheat (which has not counted toward their past agreements) will now count towards meeting their 4.0-million ton minimum grain purchase. Since in recent years Soviet purchases of Argentine grain have comprised roughly half wheat and half coarse grains, the inclusion of wheat will give the Soviets greater flexibility. Should the Soviets reduce their purchases of coarse grains, Argentina may redirect its efforts towards other markets, notably Brazil and Japan, which could affect U.S. export prospects in those important markets.

Argentine Exports of Grains
(October/September - Million tons)

	Exports to the USSR*				Argentine Exports	
Year	Wheat	% of Total	Coarse Grains	Total	Coarse Grains	% to USSR
1980/81	3.3	22	11.9	15.2	14.2	84
1981/82	2.7	30	6.4	9.1	10.3	62
1982/83	4.4	50	4.4	8.8	11.6	38
1983/84	3.4	48	3.7	7.1	10.9	34
1984/85	4.1	53	3.7	7.8	10.6	35

* Preliminary data
Source: Argentine export data.

Internal Price Policies of Foreign Countries

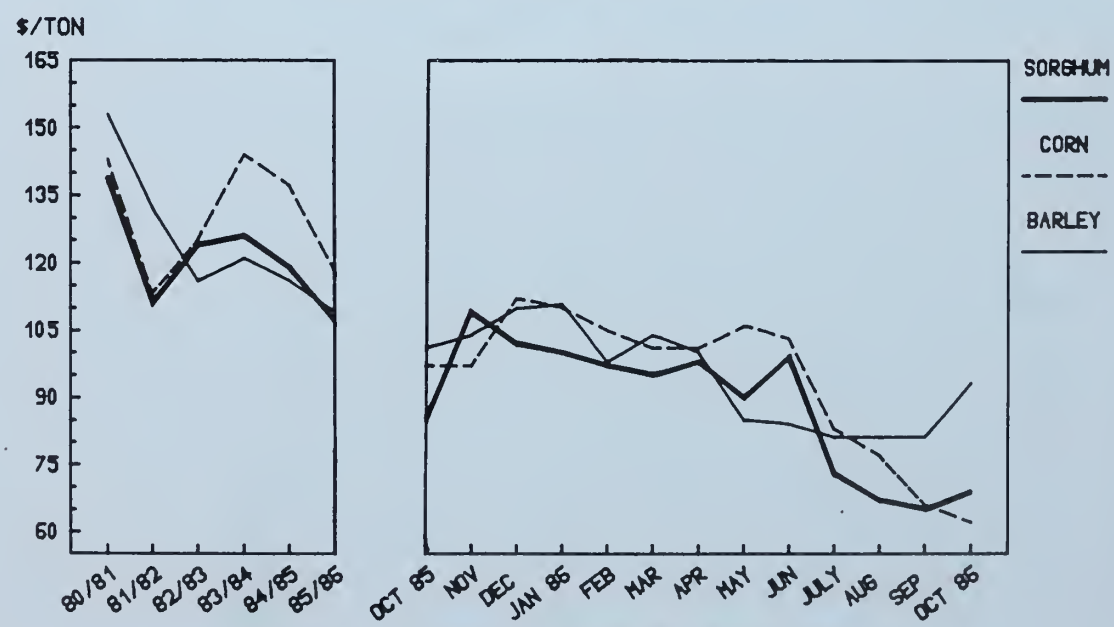
**Japan: Though the value of the yen has increased by 36 percent since July 1984, reducing the yen price for imported corn by a sharp 70 percent, corn imports are not expected to rise significantly in 1986/87. Zennoh, the monopolistic Japanese food agency, has resisted passing on the full benefits of the cheaper corn to domestic consumers by allowing the domestic price of mixed feeds to decline by only 30 percent over the same period. However, the weaker dollar may help the United States competitive position vis-a-vis China and Argentina. The United States share of the Japanese corn import market, declined precipitously from over 80 percent in 1984/85 to about 64 percent the following year.

U.S. EXPORT EXPANSION ACTIVITIES

**Export Credit Guarantees: Initial fiscal year 1987 GSM-102 guarantees for feedgrains total $450 million, of which $320 million has been allocated to Mexico, $82 million to Portugal, $40 million to Korea, and $8 million to others.

Mexico's allocation has been increased since it is forecast to increase total coarse grains imports by over 80 percent from 1985/86 (Oct./Sept.) to 4.3 million tons, due to utilization surpassing production by 20-30 percent in the last 3 years. Since the United States, traditionally supplies over 80 percent of Mexico's coarse grain needs, the extension of credit guarantees should assure the United States a dominant presence in this market. Competition from Argentina in the corn market last year challenged the U.S. historical market share.

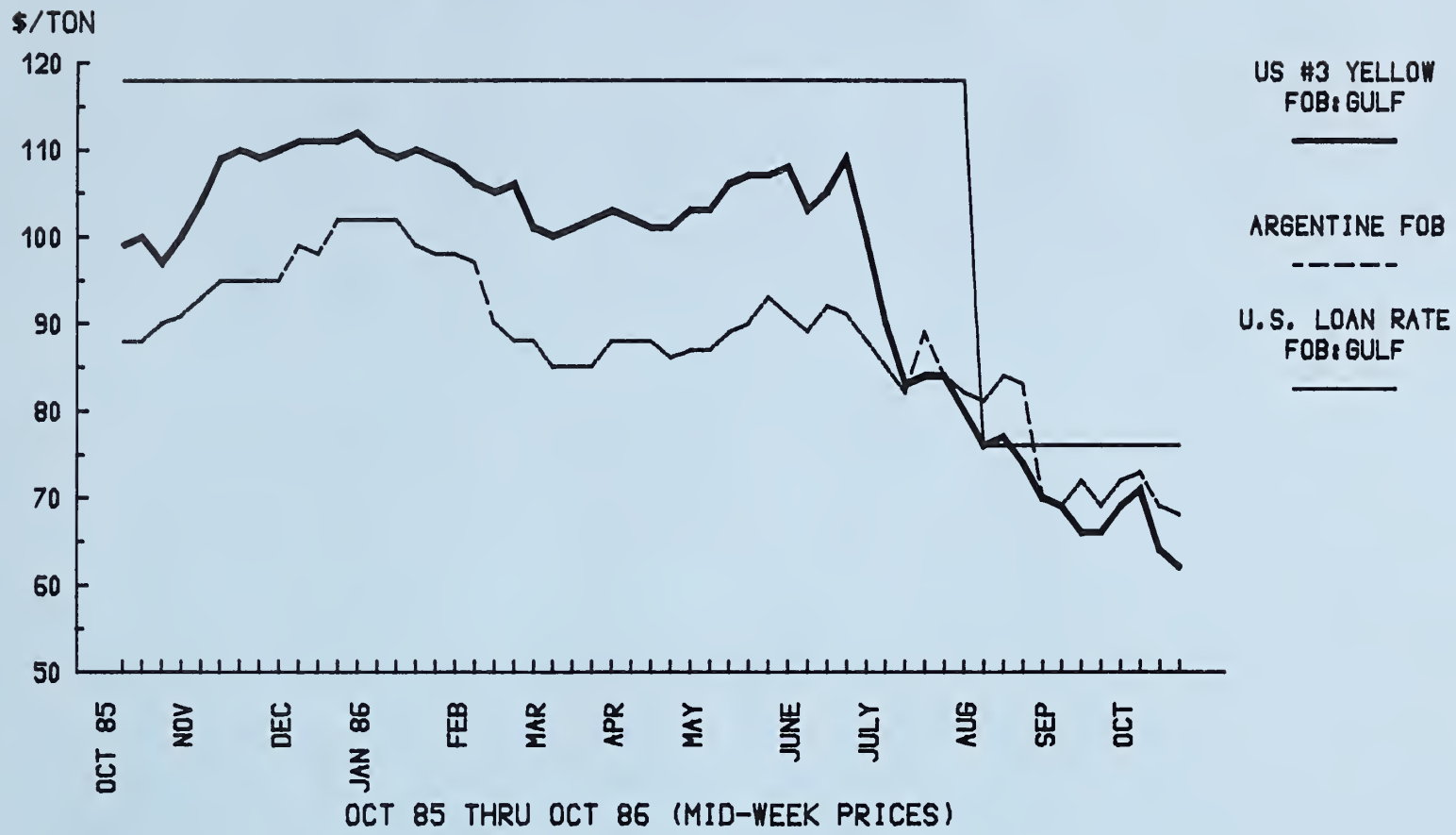
U.S. FEED GRAIN EXPORT PRICES FOB GULF
EXCEPT FOB PNW FOR BARLEY



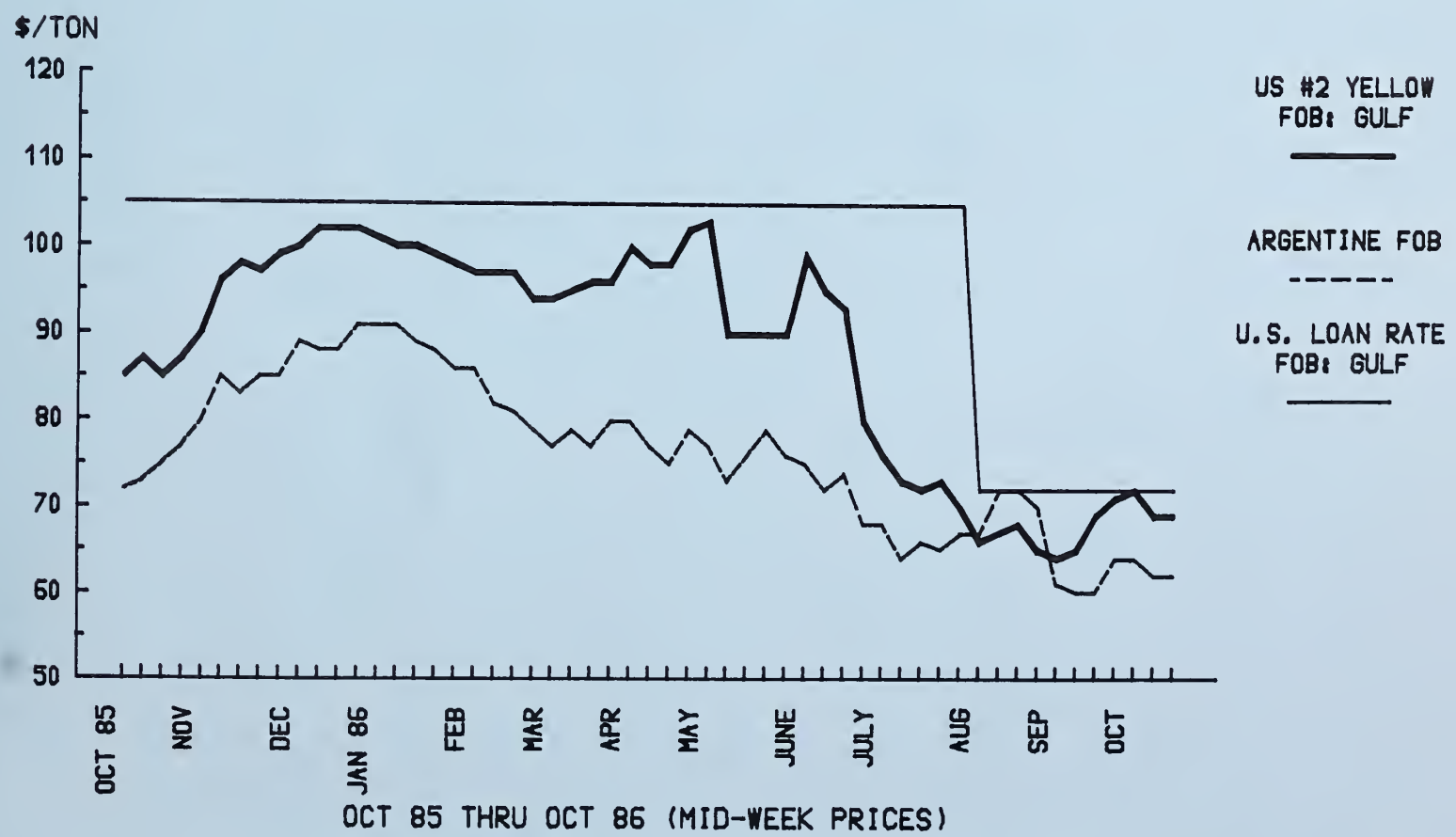
YEARLY AVE. (OCT/SEP)* OCT 85-OCT 86 MID MONTH

* YEARLY AVE. FOR BARLEY 80/81-82/83 (JUN/MAY)

CORN EXPORT PRICES
U.S. AND ARGENTINE



SORGHUM EXPORT PRICES
U.S. AND ARGENTINE



U.S. CORN and SORGHUM EXPORT COMMITMENTS to MAJOR DESTINATIONS
(SEPTEMBER/AUGUST) -- 1,000 TONS) 1/

Destination:	1983/84 Total Exports (Oct/Sept)	1984/85 Total Exports (Oct/Sept)	1985/1986 Total Exports	1985/1986 Committed as of 10/23/85	1986/87 Committed as of 10/23/86
-- CORN --					
EC-12	8,000	5,970	3,569	1,578	261
Other W. Europe	181	84	26	10	2
Eastern Europe	704	606	1,003	525	142
USSR	6,283	14,400	6,376	2,578	0
China	30	0	1	0	33
Japan	13,781	11,175	8,922	3,928	3,632
Taiwan	2,694	3,079	2,748	1,372	1,439
Rep. of Korea .	2,972	1,454	1,239	656	643
Egypt	1,303	1,399	1,539	722	826
Canada	283	421	319	49	205
Mexico	2,808	1,420	1,567	600	371
Venezuela	1,140	653	5	0	0
Others	7,155	6,014	4,182	1,422	3,273
TOTAL	47,334	46,675	31,496	13,440	10,827
-- SORGHUM --					
Spain	465	45	15	0	0
Other W. Europe (excl. Spain)	135	111	28	27	46
Japan	1,505	2,340	2,412	1,503	877
Israel	574	503	423	169	112
Mexico	2,758	2,156	358	13	67
Venezuela	206	1,033	905	309	0
Others	597	1,361	337	173	345
TOTAL	6,240	7,549	4,478	2,194	1,447

1/ Accumulated shipments and sales, excluding sales for next marketing year.

SOURCE: U.S. Bureau of Census and U.S. Export Sales.

EUROPEAN COMMUNITY CORN IMPORTS FROM THE UNITED STATES
MILLION METRIC TONS

YEAR 1/	EC-10 CORN IMPORTS FROM THE U.S.	U.S. CORN EXPORTS TO PORTUGAL	U.S. CORN EXPORTS TO SPAIN	EC-12 CORN IMPORTS FROM THE U.S.
1984	3.6	1.9	1.9	7.4
1985	2.3	1.4	2.6	6.3
1986 2/	.5	.6	1.0	2.1

EC CORN PRICE COMPARISONS
(ECU/ MT)

YEAR 1/	PUBLISHED THRESHOLD (1)	PUBLISHED INTERVENTION (2)	WORLD PRICE 3/ (3)	IMPORT LEVY (4)	DE FACTO THRESHOLD (3+4)
1977	172	143	76	98	174
1978	174	147	81	93	174
1979	179	149	100	78	178
1980	189	156	121	72	193
1981	205	165	140	74	214
1982	223	179	121	105	226
1983	233	185	196	42	238
1984	213	183	196	51	247
1985	228	179	148	91	239
1986 2/	229	179	80	176	256

1/ CALENDAR YEAR. 2/ ESTIMATE. 3/ REPORTED AT ROTTERDAM. PRICES AS OF FIRST WEEK IN SEPTEMBER. PRIOR TO 1979 ONE UNIT OF ACCOUNT = 1.21 ECU. SOURCE: NIMEXE DATA.

BARLEY, OATS AND RYE

Export Forecast: The 1986/87 (June/May) U.S. barley export forecast as of October 10, was the bright spot in recent forecast revisions, nearly doubling to a record 2.2 million tons largely as a result of the success of the Export Enhancement Program. The previous record figure of 2.0 million tons occurred in 1983/84, when quality problems in the EC and a poor harvest in Turkey fueled export demand for U.S. barley.

Shipments and Sales: To date this year, cumulative barley shipments of 783,000 tons are nearly 3-1/2 times as big as last year's figure, and 63 percent greater than the total annual shipments for the previous marketing year. The major destination remains Saudi Arabia followed by Taiwan.

U.S. EXPORTS
(June/May - 1,000 MT)

Grain	1984/85	1985/86 1/	1986/87 2/
Barley	1,676	479	2,177
Oats	15	30	30
Rye	10	5	15

1/ Estimated. 2/Projected.

U.S. BARLEY EXPORT COMMITMENTS to MAJOR DESTINATIONS
(JUNE/MAY -- 1,000 TONS) 1/

Destination	1983/8 Total Exports	1984/85 Total Exports	1985/86 Total Exports	1985/86 Committed as of 10/23/85	1986/87 Committed as of 10/23/86
Saudi Arabia	29	0	42	42	983
EC-12	375	86	--	--	--
Other W. Europe	88	43	--	--	5
Eastern Europe	112	--	60	60	--
Taiwan	223	208	74	100	75
Japan	343	272	153	138	34
Others	764	1,064	100	29	36
TOTAL.....	1,934	1,673	429	369	1,133

1/ Accumulated shipments and sales, excluding sales for next marketing year.

SOURCE: U.S. Bureau of Census and U.S. Export Sales.

U.S. EXPORT EXPANSION ACTIVITIES

**EEP Summary: In the past month, new EEP initiatives were announced for 60,000 tons of barley malt to the Philippines, 200,000 tons of barley to Rumania, and 200,000 tons of barley to Saudi Arabia.

Barley Export Enhancement Program - Status as of October 23, 1986
(October/September - 1,000 MT)

Country	Announced	Sold 1985/86	Sold 1986/87
Algeria	500	--	--
Cyprus	150	25	--
Israel	200	36	--
Jordan	60	--	--
Rumania	200	--	--
Saudi Arabia	1,250	885	366
TOTAL	2,360	946	366

Source: USDA

This past month, Saudi Arabia purchased 501,000 tons of EEP barley for an average price of $66/MT C&F. Last year, Saudi Arabia purchased a total of 500,000 tons of U.S. barley during the October/September period. Therefore, a sale of this magnitude at this early stage strongly suggests acceptance and demand for U.S. barley dramatically increased. The fact that Spain, which last year supplied 800,000 tons to Saudi Arabia, is no longer in the market, further expands the U.S. opportunities.

Barley Exports to Saudi Arabia
(October/September, MMT)

Origin	1983/84	1984/85	1985/86	1986/87 1/
U.S.	0	0	0.5	.5
EC	2.2	2.1	2.8	n.a.
Australia	2.4	1.6	1.9	"
Canada	0	0	0.9	"
Spain	0	0.8	0.8	0
Others	0.3	0.5	0.1	n.a.
TOTAL	4.9	5.0	7.0	6.5 2/

1/ 1986/87 figures through October 1986.
2/ Forecast.
Source: Exporter data.

U.S. MARKET OPPORTUNITIES

**Jordan: Unusually dry conditions this crop year, and increasing utilization have resulted in a three-fold increase (from 85/86) in barley import needs for Jordan for 1986/87 (Oct./Sept.), to 150,000 tons. While the last U.S. barley sale to Jordan took place in 1984/85, Jordan currently has the option of purchasing 60,000 tons of EEP barley in 1986/87.

DEVELOPMENTS AFFECTING U.S. EXPORTS

Other Countries' Selling Activities and Competitive Practices

BARLEY SHIPMENTS by MAJOR EXPORTING COUNTRIES
RECENT MONTHS and SEASON TOTALS for 1984/85-1986/87
(OCTOBER/SEPTEMBER--MILLION TONS)

	- AUSTRALIA -		--- CANADA --		- FRANCE 2/ -		-- U.K. 2/ --		-- TOTAL --	
For Period Ending 1/	84/85	85/86	84/85	85/86	84/85	85/86	84/85	85/86	84/85	85/86
July 19	0.4	0.1	0.1	0.4	0.1	0.1	0.1	0.2	0.7	0.8
August 21	0.3	0.1	0.2	0.4	0.1	0.1	0.1	0.2	0.7	0.8
September 18	0.1	NA	0.2	0.9	#	0.1	0.1	0.3	0.4	1.4
Cumulative Since October 1	4.6	3.6	2.5	4.4	2.0	2.1	2.3	2.4	11.4	12.5
									-- TOTAL --	
For Period Ending 1/	85/86	86/87	85/86	86/87	85/86	86/87	85/86	86/87	84/85	85/86
October 23	0.1	0	0.1	0.5	0.3	N/A	0.1	N/A	0.6	0.5
Cumulative Since October 1	0.1	0	0.1	0.3	0.3	N/A	0.1	N/A	0.6	0.3
Total for Season 2/	3.8	2.4	4.7	5.5	2.3	2.0	1.9	1.5	12.7	11.4

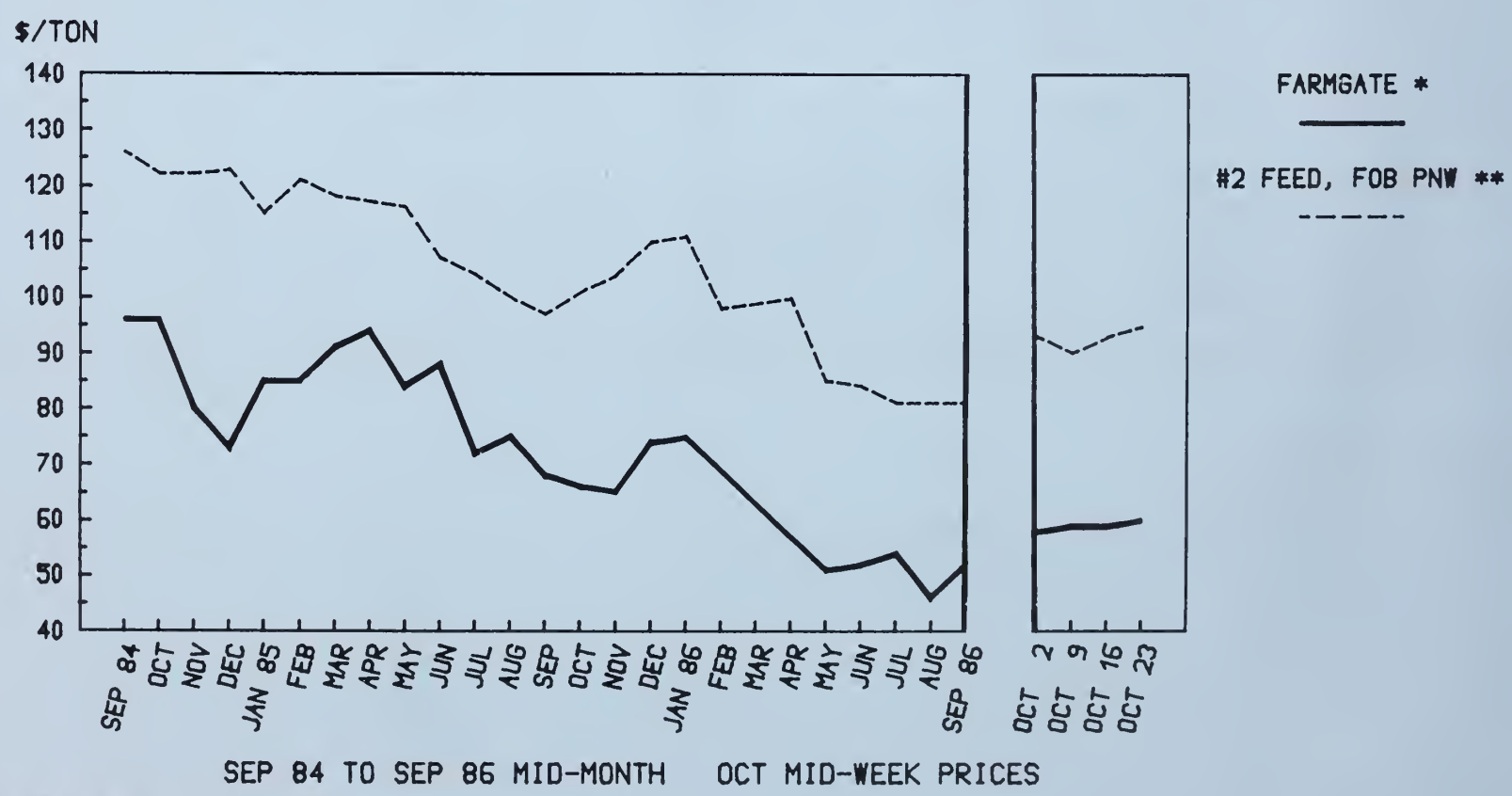
1/ Or nearest date.
2/ Excludes intra-EC trade.
3/ Forecast for 1986/87
- Less than 0.1, N/A - Data not available.

**European Community: The European Commission, in a bid to find more outlets for their mounting supplies of barley, will offer subsidies for barley exports to Japan for the first time in several years. The United States, as the residual supplier (10 percent) of a market dominated by Australia and Canada, will likely be displaced should the EC subsidize prices significantly. Japan has traditionally accounted for about 15 percent of total U.S. barley exports, (100,000 tons in 1985/86 (Oct./Sept.). Since the EC's average annual production of barley during the period 1980-85 has been at 48 million tons, that is 3 million tons greater than utilization, the EC has been saddled with the task of disposing of this surplus. It may be that increased competition from the United States in traditional EC markets of the Mediterranean basin, has forced the EC to look further afield for new markets.

Japanese Barley Market
(Oct/Sept - Million tons)

Year	Total Imports	Imports from U.S.	(%)	Japanese Imports as % of U.S. Exports
1982/83	1.28	.18	14	18
1983/84	1.60	.43	27	20
1984/85	1.67	.20	12	17
1985/86 1/	1.40	.10	7	14

1/ Estimated
Source: USDA



*NO QUOTE FOR FEBRUARY THRU APRIL
**NO QUOTE FOR MARCH

QUANTITY and VALUE of U.S. GRAIN and FEED COMMODITY EXPORTS
IN FISCAL YEAR 1986 with COMPARISON to the PRECEDING YEAR

COMMODITY	AUG FY 85	AUG FY 86	CUMULATIVE OCT THRU AUG FY 85	CUMULATIVE OCT THRU AUG FY 86	ACTUAL EXPORTS FY 85	PROJECTED EXPORTS FY 86
WHEAT (grain only)						
Quantity (1000 tons).....	2,364	3,121	26,557	22,841	28,524	25,700
Value Per Ton (dollars).....	$140	$108	$151	$130	$149	$130
Value (in million dollars)....	$331	$338	$3,998	$2,968	$4,263	$3,341
FLOUR						
Quantity (1000 tons).....	45	240	960	1,498	1,070	1,700
Value Per Ton (dollars).....	$156	$96	$167	$128	$200	$124
Value (in million dollars)....	$7	$23	$160	$191	$214	$210
CORN (grain only)						
Quantity (1000 tons).....	2,307	1,282	44,248	29,103	46,276	30,685
Value Per Ton (dollars).....	$115	$90	$125	$107	$125	$107
Value (in million dollars)....	$266	$115	$5,550	$3,127	$5,771	$3,285
SORGHUM (grain only)						
Quantity (1000 tons).....	408	238	6,728	3,751	7,549	3,950
Value Per Ton (dollars).....	$113	$80	$117	$96	$115	$95
Value (in million dollars)....	$46	$19	$789	$361	$868	$375
BARLEY, OATS, AND RYE (grain only)						
Quantity (1000 tons).....	113	270	1,181	503	1,202	700
Value Per Ton (dollars).....	$97	$78	$124	$89	$122	$89
Value (in million dollars)....	$11	$21	$146	$45	$147	$62
TOTAL COARSE GRAINS (grain only)						
Quantity (1000 tons).....	2,828	1,790	52,157	33,357	55,027	35,335
Value Per Ton (dollars).....	$114	$87	$124	$106	$123	$105
Value (in million dollars)....	$323	$155	$6,485	$3,533	$6,786	$3,722
RICE (grain only)						
Quantity (1000 tons).....	174	365	1,693	1,859	1,908	2,000
Value Per Ton (dollars).....	$322	$230	$356	$304	$354	$300
Value (in million dollars)....	$56	$84	$603	$566	$676	$600
PULSES						
Quantity (1000 tons).....	27	27	393	418	425	450
Value Per Ton (dollars).....	$444	$407	$463	$452	$461	$449
Value (in million dollars)....	$12	$11	$182	$189	$196	$202
OTHER GRAIN PRODUCTS						
Quantity (1000 tons).....	97	95	1,309	1,215	1,411	1,300
Value Per Ton (dollars).....	$299	$274	$275	$253	$241	$255
Value (in million dollars)....	$29	$26	$360	$308	$340	$331
FORAGE, HAY, MIXED FEED AND GRAIN BYPRODUCTS						
Quantity (1000 tons).....	575	788	5,858	7,423	7,500	8,000
Value Per Ton (dollars).....	$150	$146	$151	$152	$152	$152
Value (in million dollars)....	$86	$115	$884	$1,125	$1,140	$1,215
TOTAL VOLUME (in thousand tons)	6,110	6,426	88,927	68,611	95,865	
TOTAL VALUE (in million dollars)	$844	$752	$12,672	$8,880	$13,615	$9,621

SOURCE: U.S. Bureau of Census.

U.S. WHEAT, CORN, SORGHUM, BARLEY, OATS, AND RYE SUPPLY/DISTRIBUTION
MILLION BUSHELS/MILLION ACRES

	Beginning Stocks	Harvested Area	Yield	Production	Imports	Exports	Feed Usage	Total Domestic Use
Wheat								
1976/77	666	70.9	30.3	2,149	3	950	75	755
1977/78	1,113	66.7	30.7	2,046	2	1,124	192	859
1978/79	1,178	56.5	31.4	1,776	2	1,194	158	837
1979/80	924	62.5	34.2	2,134	2	1,375	86	783
1980/81	902	71.1	33.5	2,381	3	1,514	60	783
1981/82	989	80.6	34.5	2,785	3	1,771	135	847
1982/83	1,159	77.9	35.5	2,765	8	1,509	195	908
1983/84	1,515	61.4	39.4	2,420	4	1,429	369	1,111
1984/85	1,399	66.9	38.8	2,595	10	1,424	405	1,154
1985/86	1,425	64.7	37.5	2,425	15	915	274	1,045
1986/87	1,905	60.5	34.3	2,077	9	1,075	350	1,130
1987/88	1,786							
Corn								
1976/77	633	71.5	88.0	6,289	3	1,657	3,590	4,133
1977/78	1,136	70.6	92.1	6,505	3	1,909	3,717	4,298
1978/79	1,436	71.9	101.0	7,268	1	2,124	4,264	4,872
1979/80	1,710	72.4	109.5	7,928	1	2,415	4,549	5,189
1980/81	2,034	73.0	91.0	6,639	1	2,408	4,157	4,875
1981/82	1,392	74.6	108.9	8,119	1	2,010	4,169	4,966
1982/83	2,537	72.7	113.2	8,235	1	1,834	4,521	5,416
1983/84	3,523	51.5	81.1	4,175	3	1,902	3,818	4,793
1984/85	1,006	71.9	106.7	7,674	4	1,865	4,116	5,170
1985/86	1,648	75.1	118.0	8,865	11	1,241	4,116	5,245
1986/87	4,038	69.0	119.2	8,220	3	1,400	4,200	5,350
1987/88	5,511							
Sorghum								
1976/77	49	14.5	49.0	711	-	254	449	459
1977/78	47	13.8	56.6	781	-	223	436	447
1978/79	157	13.4	54.5	731	-	190	540	552
1979/80	146	12.9	62.6	807	-	330	494	506
1980/81	118	12.5	46.3	579	-	293	336	347
1981/82	57	13.7	64.0	876	-	260	416	427
1982/83	247	14.1	59.1	835	-	210	475	485
1983/84	387	10.0	48.7	488	-	245	412	422
1984/85	287	15.3	56.4	866	-	297	539	557
1985/86	300	16.7	66.7	1,113	-	178	655	684
1986/87	551	13.5	65.7	887	-	240	575	605
1987/88	593							
Barley								
1976/77	128	8.4	45.6	383	11	66	172	330
1977/78	126	9.7	44.0	428	9	57	177	333
1978/79	173	9.2	49.2	455	10	26	217	384
1979/80	228	7.5	50.9	383	12	55	204	376
1980/81	192	7.3	49.7	361	10	77	174	349
1981/82	137	9.0	52.4	474	10	100	198	372
1982/83	148	9.0	57.2	516	11	47	241	411
1983/84	217	9.7	52.3	509	7	92	283	452
1984/85	189	11.2	53.4	599	10	77	304	474
1985/86	247	11.5	51.0	591	9	22	333	500
1986/87	325	12.4	50.0	600	5	100	300	475
1987/88	355							
Oats								
1976/77	205	11.8	45.9	540	2	10	490	573
1977/78	164	13.5	55.6	753	2	12	509	594
1978/79	313	11.1	52.3	582	1	13	525	603
1979/80	280	9.7	54.4	527	1	4	492	568
1980/81	236	8.7	53.0	459	1	13	432	506
1981/82	177	9.4	54.2	510	2	7	454	530
1982/83	152	10.3	57.8	593	4	3	441	526
1983/84	220	9.1	52.6	477	30	2	466	544
1984/85	181	8.2	58.0	474	34	1	433	508
1985/86	180	8.2	63.7	521	28	2	461	544
1986/87	183	7.5	54.9	384	30	2	400	485
1987/88	109							
Rye								
1976/77	4	0.7	21.4	15	-	-	5	15
1977/78	4	0.7	24.4	17	-	-	7	17
1978/79	4	0.9	26.0	24	-	-	8	19
1979/80	9	0.9	25.7	22	-	2	7	17
1980/81	12	0.7	24.6	16	-	8	7	16
1981/82	4	0.7	26.6	18	-	2	8	18
1982/83	3	0.7	28.9	20	3	-	10	20
1983/84	6	0.9	30.3	27	2	1	12	22
1984/85	11	1.0	33.1	33	1	1	14	24
1985/86	20	0.7	28.8	21	2	1	10	20
1986/87	22	0.7	27.1	18	1	1	12	22
1987/88	19							

Notes: Commodity Years As Follows: June/May-Wheat, Barley, Oats and Rye; August/September-Corn and Sorghum.
Total supply may not equal total demand due to rounding.
"-" Denotes zero.

Source: World Agricultural Supply and Demand Estimates No. 198, October 10, 1986

U.S. Wheat Programs

	1984 Program		1985 Program		1986 Program	
	Equivalent Export Price 1/ ($/Ton)	Farm Price ($/Bu)	Equivalent Export Price 1/ ($/Ton)	Farm Price ($/Bu)	Equivalent Export Price 1/ ($/Ton)	Farm Price ($/Bu)
Trigger Release Price	---- ----	$4.45	---- ----	$4.45	---- ----	----
Target Price	$187 ----	$4.38	$187 ----	$4.38	$187 ----	$4.38
Loan (Reserve)	---- ----	$3.30	---- ----	----	---- ----	----
National Loan	$147 ----	$3.30	$147 ----	$3.30	$114 ----	$2.40
Season Average Producer Price	$150 ----	$3.38	$142 ----	$3.16	$107-114 ----	$2.20-2.40
Farm Price 2/	---- ----	----	---- ----	----	$112 ----	$2.35
Paid Diversion	---- ----	$2.70	---- ----	$2.70	---- ----	$2.00 Winter $1.10 Spring

1/ Estimated equivalent, adjusted from $/Bu at the farm level by including transportation and handling allowances of $ .70 per bushel.
2/ ASCS 5-day moving average as of October 23, 1986.

U.S. Corn Programs

	1984 Program		1985 Program		1986 Program	
	Equivalent Export Price 1/ ($/Ton)	Farm Price ($/Bu)	Equivalent Export Price 1/ ($/Ton)	Farm Price ($/Bu)	Equivalent Export Price 1/ ($/Ton)	Farm Price ($/Bu)
Trigger Release Price	---- ----	$3.25	---- ----	$3.25	---- ----	----
Target Price	$137 ----	$3.03	$137 ----	$3.03	$137 ----	$3.03
Loan (Reserve)	---- ----	$2.55	---- ----	$2.55	---- ----	----
National Loan	$118 ----	$2.55	$118 ----	$2.55	$93 ----	$1.92
Season Average Producer Price	$121 ----	$2.62	$110 ----	$2.35	$89-98 ----	$1.55-1.80
Farm Price 2/	---- ----	----	---- ----	----	$75 ----	$1.45
Paid Diversion	---- ----	----	---- ----	----	----	$1.08

1/ Estimated equivalent, adjusted from $/Bu at the farm level by including transportation and handling allowances of $ .45 per bushel.
2/ ASCS 5-day moving average as of October 23, 1986.

RICE

LATEST U.S. EXPORT FORECAST, SHIPMENTS, AND SALES 1/

Export Forecast: The export forecast for the the 1986/87 market year is unchanged at 2.6 million tons, compared to 1.88 million tons exported during the 1985/86 market year. The projected increase reflects more competitive U.S. prices due to the Marketing Loan provisions of the 1985 Food Security Act. The forecast for the 1986 calendar year remains at 2.2 million tons.

Shipments and Sales: U.S. rice exports for the 4-week period ending October 23 totaled 276,200, down from the higher level of the previous 4-week volume of 317,200 tons. Major destinations included Peru (31,000 tons), Yemen, Saudi Arabia, Iraq, and the European Community. Cumulative shipments for the 1986/87 marketing year through October 23 now total 868,300 tons, up sharply from the 542,900 tons for the same period 1 year ago. In the 4-week period ending October 23, reported new sales totaled 166,500 tons, up 60 percent from the previously reported 4-week total of 125,200 tons. Export commitments for the new marketing year now total 1,295,700 tons, compared to 946,500 tons for the same period last year.

Actual U.S. calendar year 1986 exports (milled basis) through September totaled 1,780,249 tons, compared to 1,441,234 in CY 1985. September 1986 shipments totaled 386,250 tons, the highest monthly volume in recent years.

1/ Shipments and sales are on a product basis.

Weekly U.S. Rice Exports
(Metric Tons)

Week Ending	Actual Exports	Net New Sales
Oct 2	104,100	24,700
Oct 9	67,600	82,000
Oct 16	43,500	31,300
Oct 23	61,000	28,500

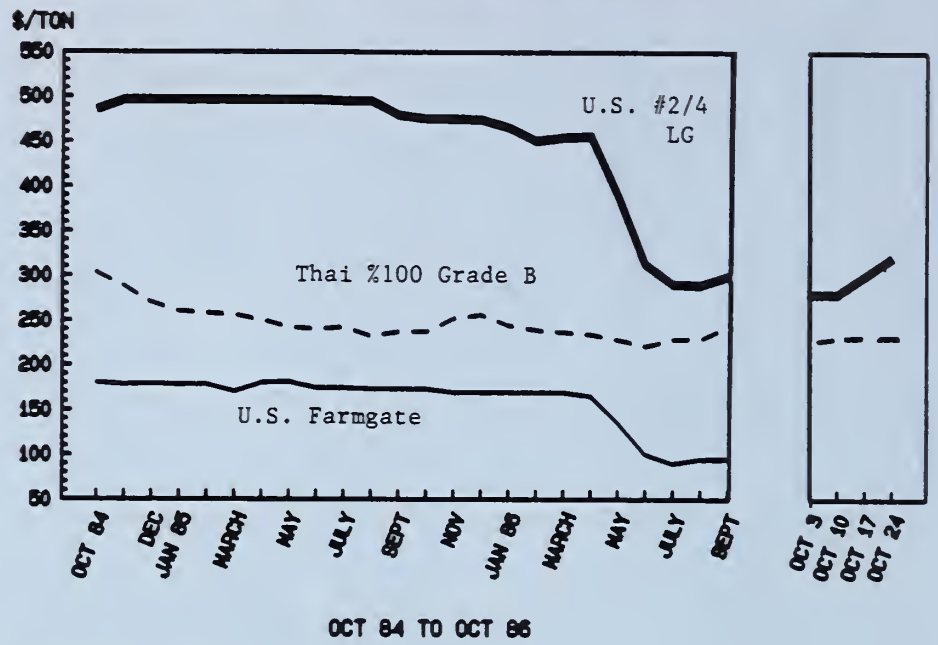
U.S. RICE EXPORT COMMITMENTS BY CLASS TO MAJOR DESTINATIONS

(AUGUST/JULY - 1,000 MT)

Destination	Marketing Year 4/	Long Grain Milled	Long Grain Brown 2/	Other 1/ Milled	Other 1/ Brown	Total Exports
EC 12	1983/84	29	192	2	70	293
	1984/85	10	209	7	98	331
	1985/86	*	162	2	--	164
	1986/87	1	154	5	--	160
Other W. Europe	1983/84	23	35	3	138	199
	1984/85	27	31	4	63	125
	1985/86	23	29	2	--	54
	1986/87	16	22	8	6	52
Iraq	1983/84	230	--	2	--	232
	1984/85	429	15	1	--	445
	1985/86	480	--	--	--	480
	1986/87	187	--	--	--	187
Saudi Arabia	1983/84	253	--	6	--	259
	1984/85	239	--	6	--	245
	1985/86	150	--	2	--	152
	1986/87	84	--	1	--	85
Other Middle East	1983/84	40	--	12	--	52
	1984/85	41	--	5	--	46
	1985/86	9	--	40	--	49
	1986/87	32	7	23	--	3
Republic of Korea	1983/84	--	--	*	112	112
	1984/85	--	--	--	--	--
	1985/86	--	--	--	--	--
	1986/87	--	--	--	--	--
Other Asia & Oceania	1983/84	3	--	140	--	143
	1984/85	3	--	99	--	102
	1985/86	2	--	12	152	166
	1986/87	1	--	68	--	70
Nigeria	1983/84	63	--	--	--	63
	1984/85	*	--	--	--	--
	1985/86	--	--	--	--	--
	1986/87	--	--	--	--	--
Other Africa	1983/84	95	150	136	--	381
	1984/85	116	65	278	11	476
	1985/86	172	51	144	10	378
	1986/87	112	22	25	10	170
Western Hemisphere	1983/84	156	24	109	14	303
	1984/85	137	49	13	19	217
	1985/86	172	95	10	14	290
	1986/87	195	244	51	19	509
Total 3/	1983/84	900	401	408	338	2,047
	1984/85	985	389	422	190	1,998
	1985/86	1,009	407	210	176	1,802
	1986/87	432	407	152	26	1,296

* Less than 500 tons.
1/ Includes short, medium, and mixed.
2/ Data not converted to a milled equivalency, and includes rough rice.
3/ Discrepancies due to rounding and changes to unknown destinations.
4/ 1986/87 year includes August 1 through September 21
SOURCE: U.S. Export Sales Report

RICE PRICES
US AND THAI (C&F ROTTERDAM) AND US FARM



IMPORTER BUYING ACTIVITY

Importer buying slowed somewhat from last month, especially for high quality rice. The USSR bought 60,000 tons from Burma, apparently for Vietnam, and Turkey bought 25,000 tons from Pakistan. Iran has purchased 75,000 tons of Thai rice after finalizing its oil barter agreement with Thailand. In addition, Jordan bought 16,000 tons from the United States under the Export Enhancement Program, while the Dominican Republic purchased 54,000 tons of PL 480 rice.

SELECTED RECENT RICE IMPORTER BUYING ACTIVITY
REPORTED BETWEEN SEPTEMBER 26 AND OCTOBER 27, 1986

BUYER	ORIGIN	QUANTITY 1,000 TONS	QUALITY 1/	PRICE $/MT 2/	DELIVERY PERIOD	DATE OF REPORT
Benin	Thailand	9,550	PB 5%	157	N/A	10-8
Brazil	Thailand	2,700	5%	171	N/A	10-8
Cameroon	Thailand	4,000	15%	160.5	N/A	10-8
Cameroon	Thailand	6,000	PB 5%	155	N/A	10-8
Gambia	Thailand	10,000	A-1 Spc	112	N/A	10-8
Guinea	Thailand	10,500	35%	136	N/A	10-8
Iran	Thailand	45,000	100%	187	N/A	10-27
Iran	Thailand	30,000	100%	193	N/A	10-27
Jordan	U.S.A.	16,000	1/4%	216 C&F	Nov/Dec	10-16
Kenya	Thailand	5,250	10%	159	N/A	10-15
Laos	Thailand	7,000	25%	159	N/A	10-15
Laos	Thailand	2,000	Gl 25%	182 C&F	N/A	10-15
Malaysia	Thailand	3,000	Gl 10%	203	N/A	10-8
Saudi Arabia	Thailand	3,000	PB 100%	163	N/A	10-8
Syria	Thailand	24,000	100%	196 C&F	N/A	10-8
Turkey	Pakistan	10,000	Punjab 15%	174.25	N/A	10-9
Turkey	Pakistan	15,000	IRRI	184.25	N/A	10-9
USSR	Burma	60,000	Emata 25%	135	Oct/Nov	10-15

1/ PB = Parboiled, LG = Long Grain, MG = Medium Grain, SG = Short Grain, Br = Brown, F = Fragrant, L/Bld = Long Boiled, F.Bld = Full Boiled, Gl = Glutinous, S = Super, Spec = Special.

2/ F.O.B. basis unless otherwise indicated. Price information is in many cases unconfirmed and as reported through unofficial market sources.

MAJOR EXPORTERS

Calendar year 1986 rice exports for the first three quarters for the United States, Thailand, Pakistan, and Burma are significantly above levels during the same period in 1985, due in part, to large purchases by Brazil. Pakistani and Burmese exports are both up by 86 percent, while United States and Thai shipments are up 14 and 10 percent, respectively. Sales by Pakistan and Burma during the first three quarters of 1986 were substantially above the unusually slow sales pace of the same period a year earlier, due mainly to more aggressive pricing policies.

**Thailand: Thai CY 1986 shipments are about 10 percent above last year's record pace totaling 3,661,000 tons as of October 14. Thailand exported 242,362 tons of rice in the past 4 weeks, down from 289,941 for the previous 4 week period. Export commitments apparent for CY 1986, as of October 14, were 3,757,019 tons, compared with 3,912,305 tons for the same period in 1985.

Thailand has exported nearly 300,000 tons of rice to Brazil so far this year compared to 25,000 tons in 1985. Thai shipments to African destinations through September are up 27 percent (to about 1.3 million tons) over the same period last year, but exports to Asia (about 860,000 tons) and the Middle East (87,000 tons) have declined by 11 and 26 percent, respectively. The decline in Thai shipments to Asia and the Middle East are mostly due to substantially smaller shipments to Malaysia and Iran, thus reducing Thai shipments of high quality rice this year to date. However, as Thailand has recently made sales of high quality rice to both countries, Thai exportable supplies that could potentially compete with U.S. exports in other markets are somewhat diminished.

Weekly Thai Rice Exports
(Metric Tons)

Week Ending	Actual Exports
Sep 20	67,191
Sep 30	53,089
Oct 7	48,586
Oct 14	73,496

Though Thai exports have been proceeding at a near record pace this year, the government is under pressure to improve the income of producers as well as create a more aggressive export posture. The Rice Policy and Stabilization Committee has made a number of recommendations to the Cabinet for consideration. Among the proposals under consideration:

--A continuation of the current "free trade" policy into 1987.
--An extension of long-term credit to producers by banks and government agencies, enabling more orderly marketing after harvest.
--Provision of 5 billion Baht by the Bank of Thailand (about $180 million) for short term low interest loans on letters of credit, and for milled rice stocks held by exporters. Low interest credit and tax reductions would also be extended to mills.
--"Intervention buying" intended to pull rice into stocks and push it into export markets at a "commercially appropriate" time.

The proposals are expected to be approved by the Cabinet and would then become law. The most significant proposals appear to be the producer loans (much like the U.S. loan programs for orderly marketing after harvest) and the low interest loans for the letters of credit and rice stocking.

In other developments, the Minister of Commerce has apparently finalized the oil barter deal with Iran, whereby Iran will complete purchases of 200,000 tons of rice began early in the year. Iran had about 110,000 tons of unfulfilled commitments to purchase Thai rice; and, since the finalizing of the agreement, it has reportedly purchased another 75,000 tons. Iran has reportedly agreed to buy 200-400,000 tons under a similar barter arrangement in 1987. Reports also indicate China may have agreed to buy 100,000 tons of rice in 1987.

**Pakistan: Pakistan's CY 1986 exports through September now total about 990,000 tons and are largely attributable to more aggressive pricing and export marketing compared to the same period last year. Pakistani exports to the Middle East (about 345,000 tons) and Asia (over 100,000 tons) are, thus far, double CY 1985 levels. Substantially larger shipments to Iran, Saudi Arabia, and Sri Lanka are mainly responsible for the increases. Pakistan has also exported about 130,000 tons of rice to Brazil this year including 75,000 tons in July and August in competition with U.S. sales there. Pakistani CY 1986 exports comprise about 20 percent Basmati and 80 percent IRRI varieties.

**Burma: Burmese CY 1986 exports, as of August, are at 452,000 tons, compared to 243,000 tons for the same period last year. Burmese rice shipments to Asian and African origins are up 30 and 100 percent, respectively, this year with Vietnam (144,000 tons) and China (76,000 tons) the major buyers. Burma exported 30,554 tons in July and 21,580 tons in August.

**China: Official Chinese trade statistics show Chinese exports at 430,000 tons for the period January to June, 1986, supporting the FAS estimate for CY 1986 of 900,000 tons. The Chinese have been pricing their rice aggressively this year; trade sources indicate that Chinese 35-percent broken rice has been offered at less than $130 per ton.

OTHER DEVELOPMENTS AFFECTING U.S. EXPORTS

Rice prices posted by the Thai Board of Trade have remained steady for most grades throughout October, with prices for 100 percent grade B now at $220 per FOB. Actual export prices for 100 percent grade B have increased slightly to about $180 per ton FOB, from the level of $177 during September. Last year at this time, 100 percent grade B was selling for about $215 per ton FOB. Thai A-1 Special rice is also steady at $113 per ton FOB, up $1 from last month's reported price.

On the Rotterdam market, U.S. #2/4 percent broken long grain rice averaged $302 per ton C&F over the past month, but rose to $319.70 C&F during the week of October 24. This recent increase reflects high U.S. long grain paddy prices brought on by strong domestic U.S. demand and high premium prices for USDA generic certificates. The high certificate values make it uneconomical for exporters to use them to purchase CCC stocks, thereby transferring demand to the new paddy crop. However, the high values have begun to decline due to new USDA restrictions on certificate use. Rotterdam prices for Thai 100 percent B (bulk) averaged $228 per ton C&F during October. U.S. bulk brown averaged about $191 per ton C&F during October, while Thai brown is reportedly selling for $194 C&F.

**301 Petition: The office of the U.S. Trade Representative (USTR) rejected the U.S. Rice Millers Association's petition under Section 301 of the Trade Act of 1974 seeking relief for alleged damages to the U.S. rice industry resulting from trade practices of the Food Agency of Japan. Instead, USTR suggested an alternative strategy of pursuing liberalization of Japan's rice trade under the new round of multilateral trade negotiations agreed to in Uruguay.

**Papua New Guinea: An initial trial shipment of 1,200 tons of U.S. milled rice has arrived in Papua New Guinea confirming earlier trade rumors. Tradionally, Australia has supplied the Papua New Guinea market, where demand is expected to increase from about 110,000 tons annually to about 200,000 tons in the next five years.

U.S. EXPORT EXPANSION ACTIVITIES

**Export Enhancement Program (EEP): The United States sold 16,000 tons of camolino medium grain rice to Jordan under the EEP for $216 per ton C&F with a bonus to the exporter of $33 per ton.

**GSM-102: Outstanding operational GSM-102 credit lines for rice for the 1987 fiscal year are: Guatemala $2 million, Mexico $10 million and Yemen $5 million. Additionally, the following credit lines have been announced, but are not yet operational: Brazil $50 million, Iraq $15 million, Jordan $10 million, Papua New Guinea $10 million and Turkey $10 million.

**PL-480: The Dominican Republic purchased 54,000 tons under PL 480 in October. The Guatemala government, which cancelled a a PL 480 tender earlier in October, has not yet made a decision on FY 1986 PL 480 purchases.

SUMMARY OF FY 1986 PL-480 ACTIVITY

Country	Allocation $Million	TMT Purchased	Price $/MT FAS
Bangladesh	10.0	63.3	MG 157-159 Bulk
Dominican Republic	9.9	54.0	LG 173-178
Guinea	6.0	25.1	LG 194-308
Ghana	1.0	5.8	LG 171
Guatemala	2.6	a/	
Jamaica	9.0	47.5	BRN LG 142-305
Kenya	2.9	16.1	LG 169-176
Liberia	11.0	56.9	PB LG 184-203
Madagascar	4.0	24.1	MG 166 Bulk
Mozambique	2.9	14.7	MG,LG 195-199
Peru	7.0	42.1	MG 165-169
Senegal	9.5	46.7	MG 149-168 Bulk MG,LG 240-249
Sierra Leone	6.0	33.9	LG 173-179
Somalia	4.4	24.7	LG,MG 173-180
Yemen	5.0	23.9	PB LG 205-214
TOTALS	91.2 b/	478.8	

a/ Guatemala has not yet used allocation for purchase
b/ Includes Guatemala

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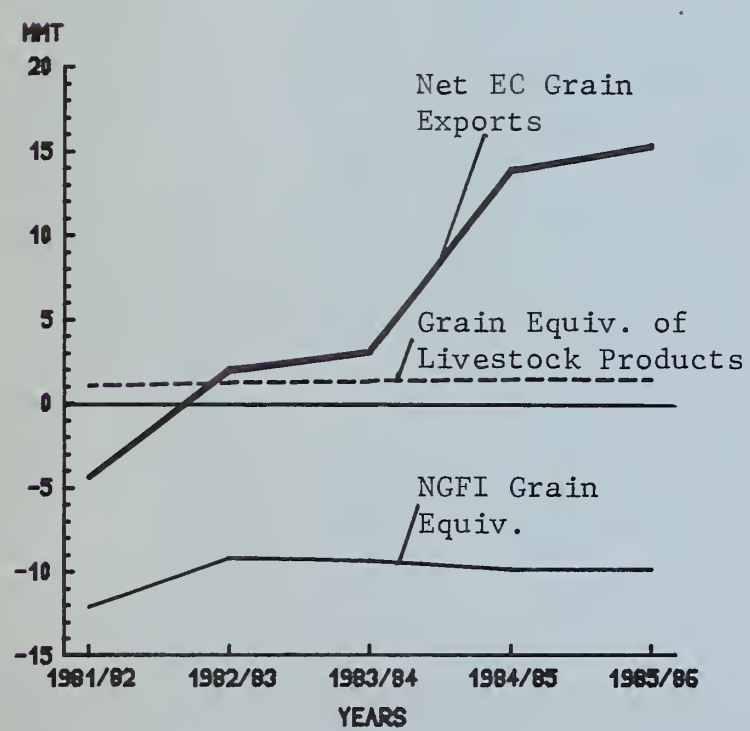
Grains

EMG-9-86
September 1986

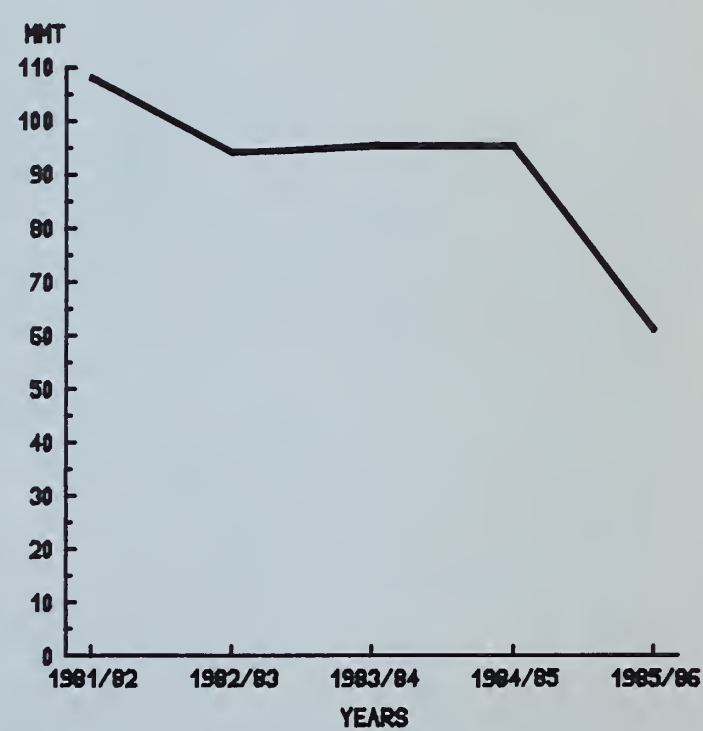
Export Markets for U.S. Grain and Products

Long known for its exclusionary grain import policies, the European Community has sharply increased its net exports of grain in recent seasons. The Community has traditionally attributed such increases to its continued high levels of imports of non-grain feed ingredients. (NGFI's). This months cover graphs add some perspective to this trade problem by showing the components of the EC export equation in contrast to the decline in U.S. export levels. The first graph shows that even though the imports of NGFI's stabilized at a level somewhat below the point they reached in the early 1980's, EC exports have continued to rise. Exports of grain fed livestock products, while showing some increase, have not been a major factor in the drop in U.S. shipments. The change in the net EC position over the past 4 seasons is equivalent to approximately 42 percent of the decline in U.S. grain exports.

RECENT TRADE IN EC GRAIN
AND RELATED ITEMS 1/



RECENT U.S. GRAIN EXPORTS
TO ALL DESTINATIONS



1/ Excludes intra-EC trade. Grain equivalency of pork and poultry products only.
SOURCES: Prepared or estimated on basis of official statistics of foreign governments, other foreign source materials, reports of U.S. agricultural attaches and foreign service officers, results of office research, and related information.
Supporting data on page 16.

Approved by the World Agricultural Outlook Board - USDA

EXPORT MARKET FOR U.S. GRAIN AND FEED PRODUCTS
August 29, 1986

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*HIGHLIGHTS**

Perhaps the most important development affecting U.S. exports during the past month was a further deterioration of prices in world grain markets. This was led by sharp increases in European Community (EC) export subsidies for both wheat and barley. It was also stimulated by reports of large sales of Canadian and Australian wheat to the Soviet Union, all reportedly below publicly posted Wheat Board levels. In the case of the EC, a special subsidy was offered to the USSR for the first time, thus enabling the Soviets to buy EC wheat more cheaply than other foreign buyers. The past month has also seen U.S. wheat shipments and sales slip from last month's strong pace. Other developments affecting U.S. exports over the past month were:

-- A delay, until the end of September, of Soviet purchasing activity this buying season has increased pressures on world grain markets.

-- A lower Australian guaranteed minimum producer price for wheat after six years of steady increases.

-- A strike at Thunder Bay, a major Canadian grain port, is beginning to disrupt Canadian grain sales, and could lead to increased U.S. shipments.

-- Thailand continues to export rice at a near-record pace in CY 1986 with exports through mid-September at about 3.4 million tons, up 10 percent from a year ago.

-- The government food agency of Peru, ECASA, has indicated that Peru plans to purchase about 110,000 tons of rice before the end of CY 1986, and another 150,000 tons for delivery in early 1987, due largely to a drought reduced domestic crop.

LATEST U.S. EXPORT FORECAST, SHIPMENTS AND SALES

Export Forecast: The September 11, forecast for 1986/87 (June/May) U.S. wheat exports remained unchanged from last month at 31.3 million tons. Although up substantially from the 24.9 million tons exported in 1985/86, this forecast is still well below record trade levels achieved five years ago.

Shipments and Sales: During the 4-week period ending September 18, U.S. wheat shipments were off 20 percent from the preceding month, but total shipments for the year are ahead of last year at this time. Sales for the 4-week period were down from last month's pace as activity under the EEP slowed.

U.S. WHEAT SHIPMENTS, SALES, and INSPECTIONS
(JUNE/MAY--MILLION TONS)

------ Monthly SHIPMENTS ------

	1985/86	1986/87
June 19	1.5	1.5
July 17	1.9	2.5
Aug 21	2.2	3.5
Sept 18	1.7	2.5
Cumulative for MY..	7.1	9.5

------ Monthly SALES 1/ ------

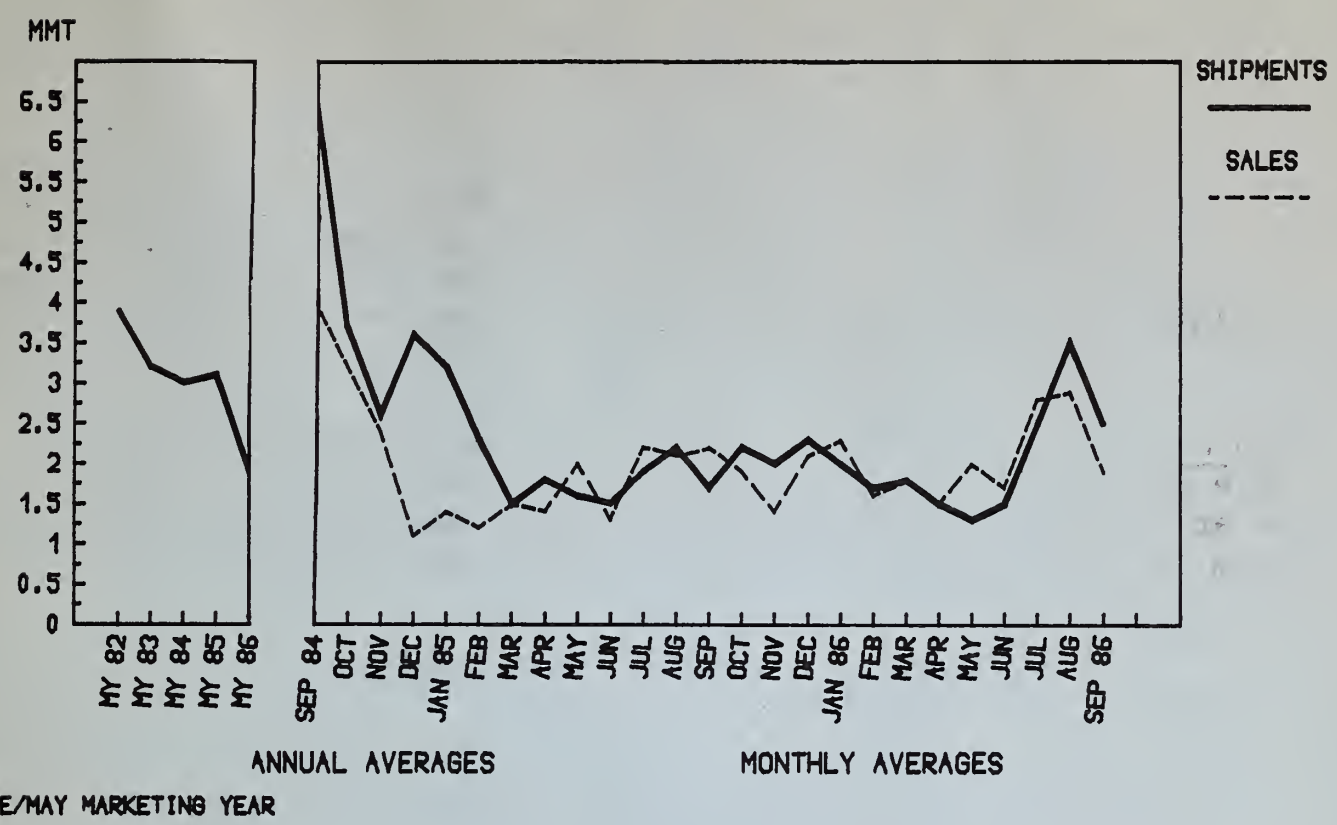
	1985/86	1986/87
June 19	1.4	1.7
July 17	2.3	2.8
Aug 21	2.1	2.9
Sept 18	2.3	1.9
Cumulative for MY..	11.6	12.8

Weekly and Annual INSPECTION Rates

	MT	BU
Week Ending September 11 ...	0.6	23.0
Week Ending September 18 ...	0.5	20.0
Cumulative Since Begin MY ..	9.8	358.7
Official Estimate for 1986/87 (Grain only)	31.3	1150
Implied Weekly Average	0.6	22.1
Weekly Average for Latest Six Weeks	0.6	22.5
Marketing Year-to-Date Weekly Average	0.6	22.4
MY Year-to-Date Average Extrapolated Annually	31.7	1166
Weekly Average Required during Remainder of MY to Achieve Official Estimate ..	0.6	22.0
Weeks Remaining 36		

1/ Sales made since the beginning of the applicable marketing year, including sales for shipment in the next marketing year.

SOURCE: Shipments and sales data from U.S. Export Sales. Inspections data from the Federal Grain Inspection Service.



MY IS JUNE/MAY MARKETING YEAR

SUPPLY and DISTRIBUTION of U.S. WHEAT by CLASS
(MILLION BUSHELS)

Marketing Year beginning June 1	Hard Winter	Hard Spring	Soft Red	White	Durum	Total
--- 1985/86 ---						
Beginning Stocks	717	371	64	173	100	1,425
Production	1,230	460	368	254	113	2,425
Total Supply 1/	1,947	838	432	430	218	3,865
Domestic Use	548	176	204	80	42	1,050
Exports	395	166	149	152	53	915
Total Use	943	342	353	232	95	1,965
Ending Stocks	1,004	496	79	198	123	1,900
--- 1986/87 ---						
Beginning Stocks	1,004	496	79	198	123	1,900
Production	1,029	464	289	242	96	2,120
Total Supply 1/	2,033	962	368	441	221	4,025
Domestic Use	557	187	192	82	57	1,075
Exports	630	170	130	160	60	1,150
Total Use	1,187	357	322	242	117	2,225
Ending Stocks	846	605	46	199	104	1,800

1/ Includes imports.

SOURCE: World Agricultural Supply and Demand Estimates, No. 197 - September 11, 1986.

IMPORTER BUYING ACTIVITY

Importer buying activity reported for the month was down sharply from last month, with purchases by Brazil highlighting the month's activity for U.S. exporters.

WHEAT and FLOUR IMPORTER BUYING ACTIVITY
REPORTED between AUGUST 23, 1986 and SEPTEMBER 24, 1986 1/

Date of Purchase	Buyer	Origin	Quantity (tons)	Grade 2/	Price Range 3/ ($US per ton)	Delivery Period 4/
8/29	Sri Lanka	Australia	25,000	ASW	89.25	November
9/8	Turkey	Australia	50,000	Wheat	78.95	Sept/Oct
	Turkey	EC	50,000	Wheat	82.75	Nov/Dec
	Turkey	Argentina	81,000	Wheat	81.00	Jan/Feb/Mar
	Jamaica	U.S.	14,969	SRW	102.89	September
9/18	Brazil	U.S.	66,000	HRW	104.45	November

1/ Does not include PL-480 sales.
2/ HRW=Hard Red Winter, HRS=Hard Red Spring, SRW=Soft Red Winter, HAD=Hard Amber Durum, WW=Western White ASW=Australian Soft White, CWRS=Canadian Western Red Spring, PH=Australian Prime Hard, AH=Australian Hard, GP=Australian General Purpose
3/ FOB unless otherwise noted.
4/ FH denotes first half; LH, last half.

SOURCE: Unofficial market news reports.

DEVELOPMENTS AFFECTING U.S. EXPORTS

Other Exporting Countries' Selling Activity and Competitive Practices

**Summary: Cumulative competitor wheat shipments (less France) total 5.7 million tons, about 23 percent lower than last year at this time. The drop in shipments is due primarily to reduced Canadian exports caused by a lack of Soviet buying activity.

WHEAT SHIPMENTS by MAJOR EXPORTING COUNTRIES
RECENT MONTHS and SEASON TOTALS for 1984/85-1986/87
(JULY/JUNE--MILLION TONS)

	-- CANADA --		- AUSTRALIA -		- ARGENTINA -		- FRANCE 2/ -		-- TOTAL --	
For Period Ending 1/	84/85	85/86	84/85	85/86	84/85	85/86	84/85	85/86	84/85	85/86
June 19	1.6	1.4	1.4	1.3	0.4	0.1	1.3	0.5	4.7	3.3
Total for Season	19.4	16.7	15.3	15.9	8.0	6.1	12.6	9.3	55.3	48.0
For Period Ending 1/	85/86	86/87	85/86	86/87	85/86	86/87	85/86	86/87	85/86	86/87
July 17	0.9	1.4	0.8	1.2	0.4	0.1	0.2	0.5	2.3	3.2
August 21	1.2	1.6	1.2	1.2	0.3	0.1	0.3	0.5	3.0	3.4
September 18	2.2	0.6	1.0	1.0	0.3	#	0.5	NA	4.0	1.6
Cumulative Since July 1 .	3.7	2.8	2.4	2.8	0.9	0.1	0.9	NA	7.9	5.7
Total for Season 3/	16.7	19.5	15.9	14.5	6.1	4.6	9.3	10.0	48.0	48.6

1/ Or nearest date.
2/ Excludes intra-EC trade.
3/ Forecast for 1986/87.
- Less than 0.1, N/A - Data not available.

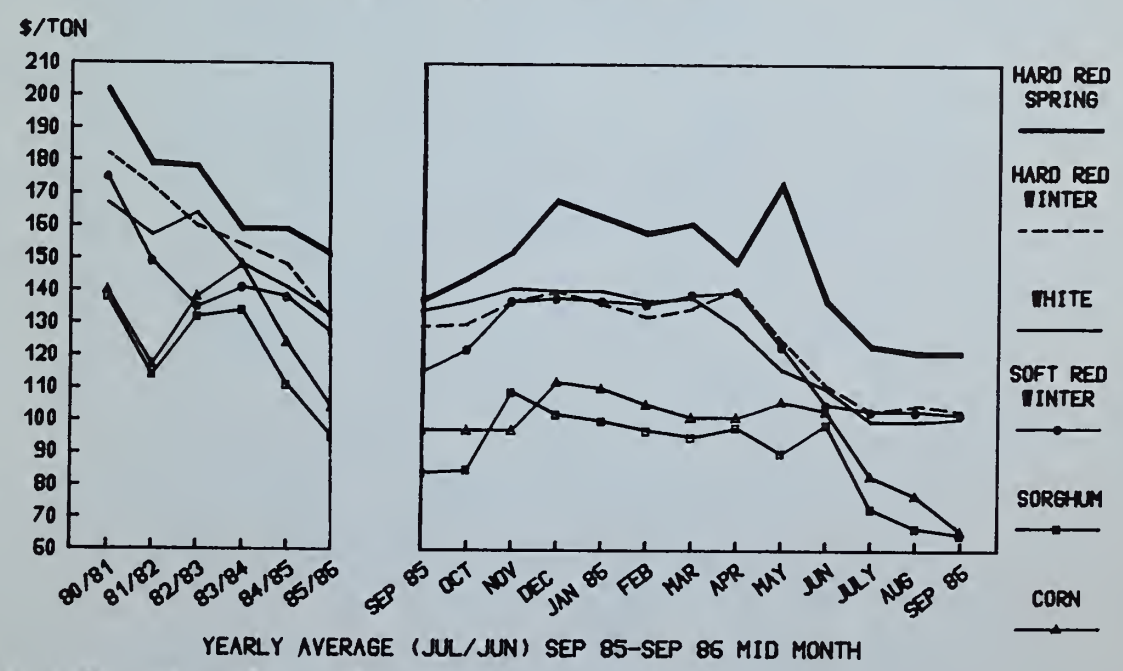
**European Community: One day after the European Community (EC) announced a special export subsidy for wheat sales to the Soviet Union, the Soviets purchased one million tons of French wheat. The sale comes despite the United States' offer to supply almost 4 million tons of wheat to the Soviet Union under the EEP. The special subsidy enables the EC to offer wheat at around $75-80 per ton compared to a U.S. hard red winter wheat price of about $90 per ton FOB, which includes the $15 per ton special subsidy. The Soviet Union had previously been included in the normal EC free-market subsidy tender system.

**European Community: The European Community (EC) sold 200,000 tons of French wheat to Tunisia, at around $82 per ton C&F. At current French prices, a subsidy of around $120 per ton would be required. The EC has supplied about 35 percent of Tunisia's annual average wheat imports of about 800,000 tons the past few years. However, due to a drought-reduced crop this season, Tunisia is currently expected to import 1.2 million tons of wheat in 1986/87 (July/June). Tunisia has purchased about 325,000 tons of wheat under the EEP, against a total program of 1.1 million tons.

Tunisian Wheat Imports
(July/June - 1,000 MT)

Origin	1982/83	1983/84	1984/85	1985/86
Argentina	10	25	---	---
EC-12	335	320	240	500
US	250	650	570	60
Other	105	60	50	40
Total	700	1,035	860	600

Source: Exporter data.



Competitive Developments in Selected Foreign Markets

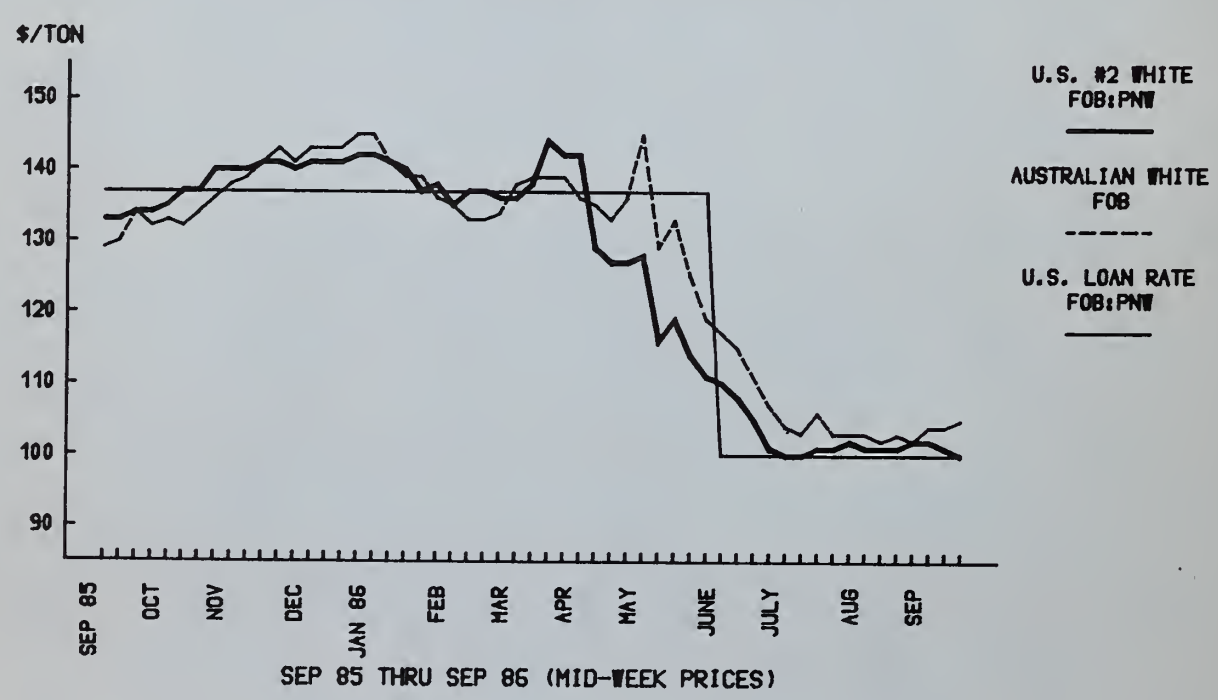
**Venezuela: After meeting with representatives of its milling industry, Venezuela has decided not to limit its wheat imports solely to those of Argentine wheat. A decision to purchase only Argentine wheat would have displaced U.S. wheat sales, which accounted for almost 70 percent of this million-ton market in 1985/86 (July/June). U.S. market share of Venezuelan wheat imports has fallen in recent years from almost 100 percent in 1981/82, due to increased competition from Canada.

Venezuelan Wheat Imports
(July/June - 1,000 MT)

Origin	1982/83	1983/84	1984/85	1985/86
Argentina	---	5	---	---
Canada	15	30	325	265
US	780	825	670	665
Other	30	65	35	70
Total	825	925	1,030	1,000

Source: Exporter data.

**Turkey: Despite the availability of 500,000 tons of wheat under the EEP, Turkey recently purchased 195,000 tons of wheat from the EC, Australia, and Argentina at prices of $79-82 per ton FOB. Unless Turkish wheat imports in 1986/87 (July/June) are greater than the 600,000 tons currently forecast, Turkey will not purchase all of the wheat currently available to it under the EEP. Turkey last bought EEP wheat in February, which completed the first 500,000 ton EEP initiative for that country.



Internal Price Policies of Foreign Countries

**Major Exporters: The latest support prices for the principal world wheat exporters, for their respective marketing years, are listed below. Prices are not strictly comparable because U.S., Argentine, and EC prices are on a local delivery point basis, while Australian and Canadian prices are on a coastal location basis and represent their respective marketing boards' initial payments to producers. Prices also are not directly comparable due to quality differences. For example, in terms of quality differentials, the Canadian price is set for No. 1 Canadian Western Red Spring (CWRS), while No. 2 CWRS currently is discounted Can$6 per ton and No. 3 CWRS is discounted Can$14 per ton. No. 1 CWRS has represented about 40 percent of Canadian wheat exports over the past 10 years. EC prices given below are for medium quality wheat and include monthly incremental storage costs.

Major Grain Exporters': Support Prices for Wheat
(per Metric Ton)

EXPORTER	1984/85 $ U.S. Eq. 1/	1984/85 Local Currency		1985/86 $ U.S. Eq. 1/	1985/86 Local Currency		1986/87 $ U.S. Eq. 1/	1986/87 Local Currency	
U.S. (Loan)	$121	$121	($US)	$121	$121	($US)	$88	$88	($US)
Argentina (Reference) .	$89	4800	2/	$81	65	2/	$90	72	2/
Australia (Min. Paymt.)	$122	146	($A)	$103	150	($A)	$81	131	($A)
Canada (Initial Paymt.)	$121	160	($C)	$116	160	($C)	$94	160	($C)
EC-12 (Lower Qual.) 3/	NA	NA	(ECU)	NA	NA	(ECU)	$174	$170	(ECU)
(Intervention) 4/	NA	NA	(ECU)	NA	NA	(ECU)	$184	$179	(ECU)
(Superior Qual.) 5/	NA	NA	(ECU)	NA	NA	(ECU)	$188	$183	(ECU)

1/ $ U.S. equivalent calculated by using the year to date exchange rate for each year.
2/ Exchange rate in australs as of January 1986. Caution should be taken when using the local price and its $ U.S. equivalent because of the frequent changes in the support price and the volatility of the Argentine exchange rate.
3/ Support price for feed-quality wheat.
4/ Support price for bread-quality wheat.
5/ Support price for superior-quality wheat. Two percent premium over medium-quality wheat.

**Australia: After six years of steady increases, Australia lowered its 1986 guaranteed minimum producer price for wheat by 13 percent from last year, to Aus $130.62 per ton (about $81 U.S.). However, the actual price received by producers will be even lower, after discounting for freight handling and other miscellaneous charges. Using last year's deductions which totaled Aus $33 per ton, a producer is guaranteed about Aus $98 (US $61) per ton at the farmgate in 1986. Despite the lower producer price, Australia is expected to maintain its aggressive export program in 1986/87 (July/June). Australian wheat exports for the year are currently forecast to reach 14.5 million tons. This figure is below last year's record export level of 15.9, due to an expected decline in production, but well above levels prior to 1984/85 when Australian wheat exports increased sharply.

**European Community: In addition to approving a special subsidy for wheat sales to the Soviet Union, the EC has again raised its free-market subsidy which now totals $126 per ton, more than double last year's subsidy at this time. The need for the sharp increase can be attributed to the weakness of the U.S. dollar and the widening gap between EC wheat prices and substantially lower world prices.

**Turkey: The Turkish government imposed a $10 per ton import surcharge on grain, including wheat, effective September 3. The surcharge has been applied in order to protect domestic producers from cheaper grain imports, resulting from lower world prices. The surcharge is not expected to affect U.S. wheat exports to Turkey, which totaled almost 500,000 tons in 1985/86 (July/June).

OTHER DEVELOPMENTS AFFECTING U.S. EXPORTS

**EEP Summary: During the past month, new initiatives were announced for wheat for Tunisia (800,000 tons), for barley for Cyprus (150,000 tons) and Saudi Arabia (300,000 tons), and for barley malt for Venezuela (100,000 tons). Wheat sold under the EEP during the period totaled 111,900 tons (Sri Lanka 25,000 tons, Tunisia 75,000 tons, and Yugoslavia 11,900 tons), while wheat flour sales amounted to 57,000 tons (Iraq 25,000 tons and Yemen 32,000 tons) and barley sales totaled 56,000 tons (Cyprus 25,000 tons and Israel 31,000 tons).

**Soviet Union: In addition to its purchase of EC wheat, trade sources indicated the Soviet Union has bought 1.5 million tons of Australian wheat and could buy 300,000 tons of Austrian wheat. The Soviets have not purchased any U.S. wheat in almost a year, despite the recent U.S. offer to supply almost 4 million tons of wheat to the Soviet Union under the EEP. The Austrian transaction has reportedly been delayed pending a decision concerning enforcement of the new Soviet grain contract terms announced in late July. If completed, the sale would exceed the recent annual average of around 250,000 tons of Austrian-USSR wheat trade.

**Canada: Grain handlers at Thunder Bay went on strike the first week of September and have been joined by workers at the Port of Quebec, due to a lockout there. Over 50 percent of Canadian grain exports pass through Thunder Bay, thus as the strike enters its fourth week, it is beginning to disrupt grain sales, which could lead to increased U.S. sales. Wheat in storage east of the lakes prior to the strike has been exhausted in meeting near-term export commitments. Meanwhile, grain is piling up in western grain elevators due to the strike's disruption of transportation to eastern ports. The last strike by Canadian grain handlers occurred in 1981 and lasted 16 days.

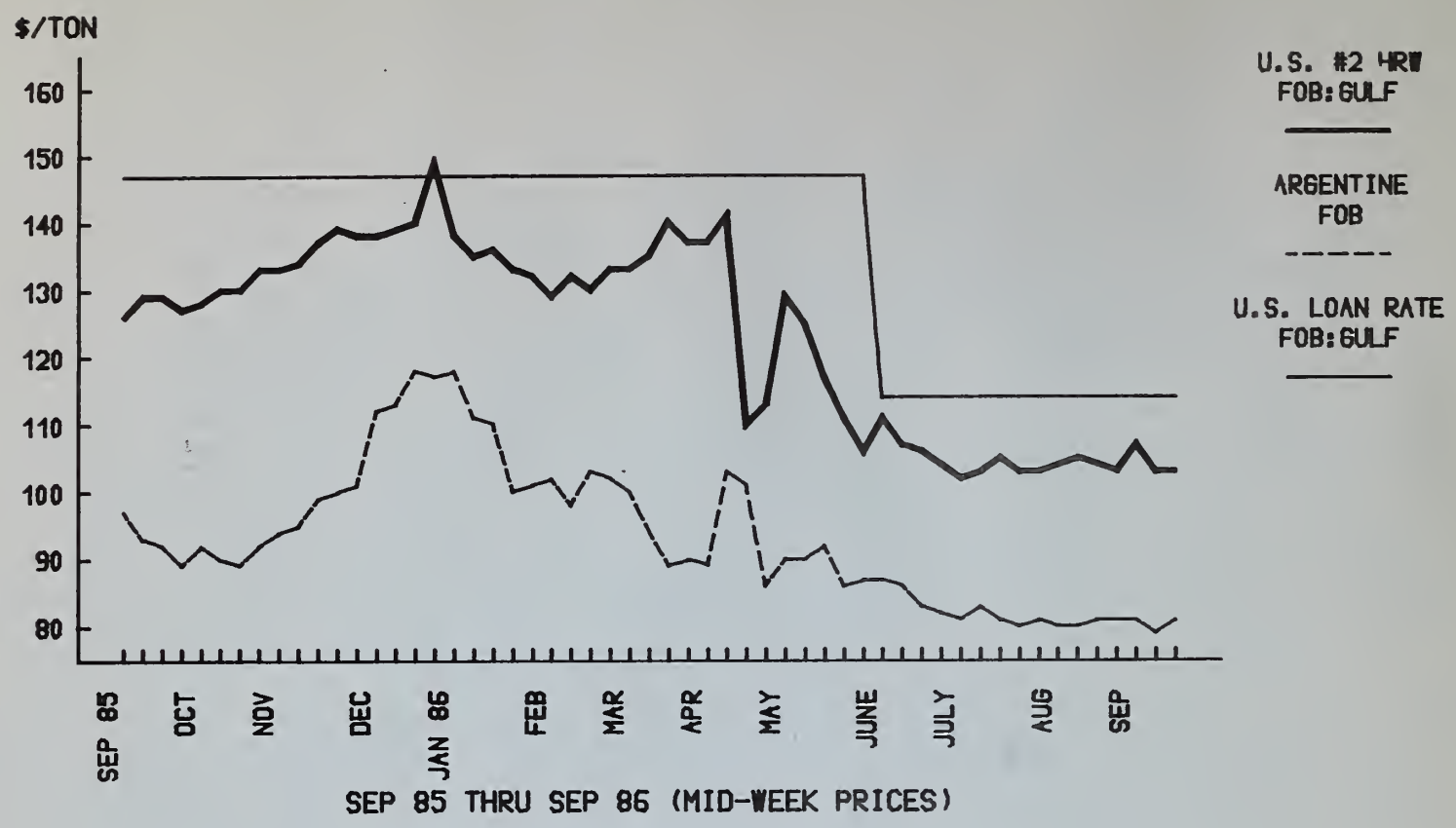
Status of the Export Enhancement Program
as of September 19, 1986

Country	Date Announced	Commodity	Amount Offered (MT)	Amount Purchased (MT)
Algeria	June 4	Wheat	1,000,000	1,000,000
	Apr. 10	Wheat	1,000,000	-----
	Feb. 11	Semolina	250,000	-----
	Feb. 25	Wheat Flour	100,000	-----
	Apr. 17	Barley	500,000	-----
Benin	Apr. 7	Wheat	45,000	20,000
Canary Is.	Aug. 8	Wheat	100,000	-----
Cyprus	Aug. 26	Barley	150,000	25,000
Egypt	July 2	Wheat Flour	600,000	600,000 1/
	July 26	Wheat	500,000	500,000
	Oct. 30	Wheat	500,000	512,500
	June 24	Wheat	552,000	529,000
	Aug. 6	Semolina	30,000	
	Aug. 6	Wheat Flour	600,000	
Iraq	Dec. 9	Wheat Flour	150,000	100,000 1/
Israel	June 17	Barley	200,000	36,200
Jordan	Nov. 8	Rice	40,000	22,700
	Mar. 19	Wheat	75,000	75,000
	June 17	Barley	60,000	-----
	June 20	Wheat	75,000	75,000
Morocco	Sep. 30	Wheat	1,500,000	890,000
Nigeria	Dec. 10	Barley Malt	100,000	4,400 1/
Philippines	Nov. 15	Wheat Flour	100,000	50,000 1/
	Jan. 6	Wheat	150,000	152,400
Saudi Arabia	May 7	Barley	500,000	500,000
	Aug. 6	Barley	250,000	250,000
	Sep. 16	Barley	300,000	
Senegal	July 17	Wheat	100,000	
Sri Lanka	May 16	Wheat	125,000	75,000
Syria	Apr. 8	Wheat	700,000	-----
Tunisia	Mar. 18	Wheat	300,000	300,000
	Aug. 22	Wheat	800,000	25,000
Turkey	Oct. 16	Wheat	500,000	506,600
	May 8	Wheat	500,000	
Yemen	Aug. 20	Wheat Flour	50,000	50,000 1/
	Sep. 6	Wheat	100,000	50,000
	Apr. 14	Wheat Flour	100,000	13,500
	Apr. 14	Poultry Feed	150,000	-----
Yugoslavia	Apr. 10	Wheat	200,000	200,000
	June 24	Wheat	200,000	131,900
Zaire	Nov. 18	Wheat Flour	64,000	64,000 1/
	Dec. 27	Wheat	40,000	40,000
	May 15	Wheat	40,000	40,000
	May 15	Wheat Flour	30,000	15,000

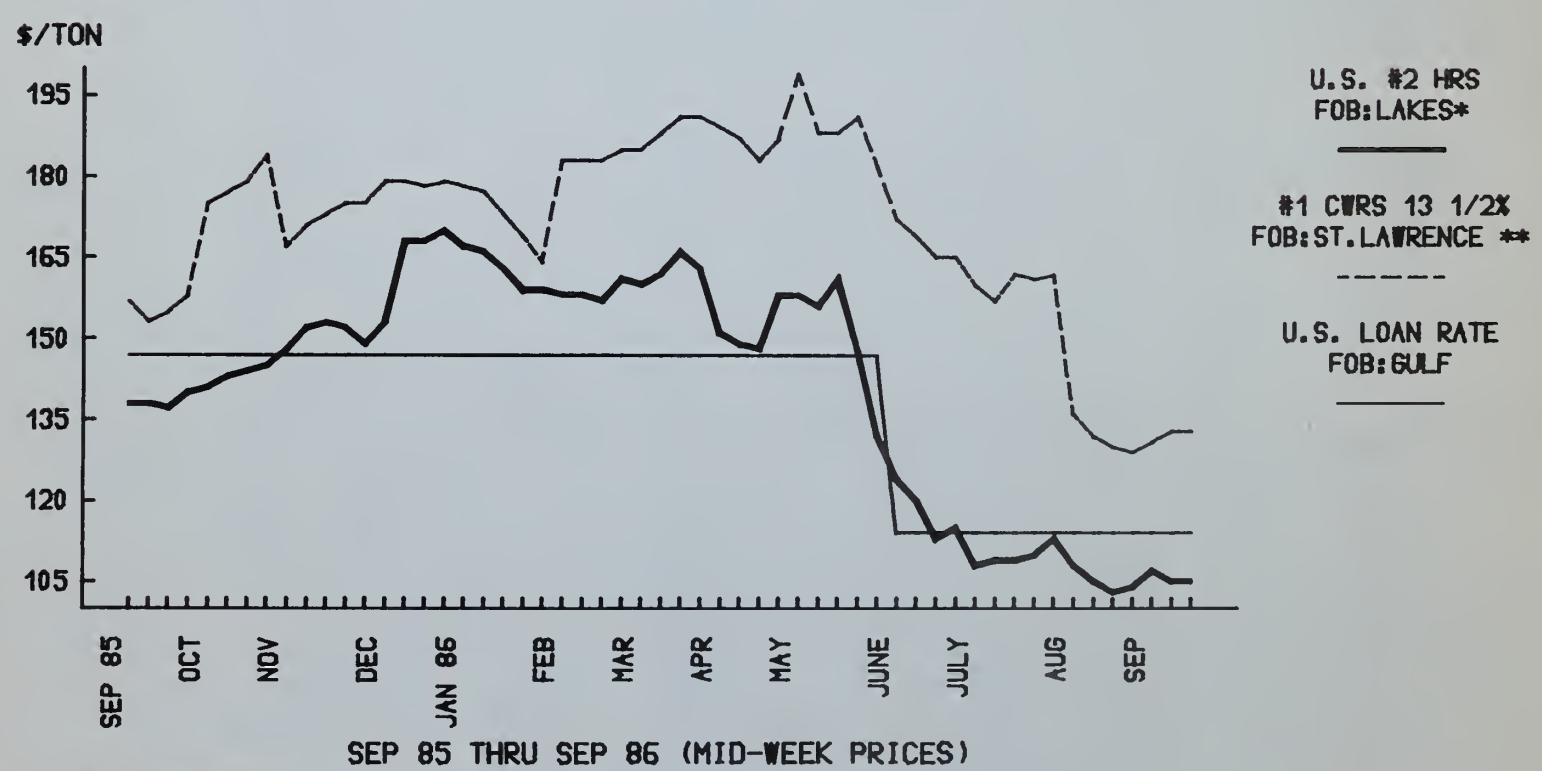
Commodity Totals	Amount Offered (MT)	Amount Purchased (MT)
Wheat	13,102,000 2/	5,122,400
Flour 1/	1,794,000	892,500
Semolina	280,000	-----
Rice	40,000	22,700
Barley Malt 1/	200,000	4,400
Poultry Feed	150,000	-----
Barley	1,960,000	811,200

1/ Not in grain equivalent.
2/ Includes 4.0 million for the Soviet Union.

HARD RED WINTER WHEAT EXPORT PRICES
U.S. AND ARGENTINE



HARD RED SPRING WHEAT EXPORT PRICES
U.S. AND CANADIAN



*FOB GULF DURING WINTER MONTHS (DEC THRU MAR)
**FOB ST. LAWRENCE AS OF FEB 1986
FOB THUNDER BAY PRIOR TO FEB 1986

PL-480

FY 1986 PUBLIC LAW TITLE I/III
COUNTRY AND COMMODITY ALLOCATIONS
SEPTEMBER 19, 1986

Countries with $790 or Less Per Capita GNP	TOTAL ($Millions)	(1,000 Tons Grain Equivalent) WHEAT/FLOUR	RICE	FEEDGRAINS
Bangladesh ..	$82.0	426.0	35.0	--
Bolivia	$20.0	180.0	--	--
Egypt	$213.0	1,558.0 1/	--	--
El Salvador .	$44.0	148.0	--	--
Ghana	$6.0	--	5.4	--
Guinea	$6.0	--	20.0	--
Guyana	$3.0	25.0	--	
Haiti	$15.0	78.0	--	--
Honduras	$15.0	86.0	--	--
Indonesia ...	$30.0	250.0	--	--
Kenya	$10.0	55.0	11.0	--
Liberia	$11.0	--	48.0	--
Madagascar ..	$8.0	--	13.8	--
Maldives	$0.7	7.1	--	--
Morocco	$40.0	356.0	--	--
Mozambique ..	$11.4 2/	44.0	10.0	29.0
Pakistan	$50.0	--	--	--
Philippines .	$35.0	267.0	--	--
Senegal	$9.5	--	38.3	--
Sierra Leone	$8.0	18.0	29.0	--
Somalia	$16.5 3/	26.7 1/	17.0	--
Sri Lanka ...	$33.0	261.0	--	--
Sudan	$45.0 4/	337.5 1/	--	--
Yemen	$10.0	44.0	13.0	--
Zaire	$20.0	100.0	--	--
Zambia	$10.0	37.0	--	--
SUBTOTAL ..	$752.1	4304.3	240.5	29.0
Countries over $790 Per Capita GNP				
Costa Rica ..	$20.0	120.0	--	10.0
Dominican Rep	$30.0	58.6	55.0	--
Ecuador	$5.0	48.0	--	--
Guatemala ...	$19.0	92.0	--	--
Jamaica	$35.0	101.0	33.0	104.0
Peru	$20.0	120.0	35.0	--
Tunisia	$5.5	--	--	56.0
SUBTOTAL ..	$134.5	539.6	123.0	170.0
Total Allocated ...	$886.6	4,843.9	363.5	199.0
Unallocated Reserve	$13.8			
Total Program	$900.4			

1/ All or some portion in wheat equivalent of flour.
2/ $3.5 million has also been designated for ocean freight financing.
3/ $4.1 million has also been designated for ocean freight financing.
4/ $9.0 million has also been designated for ocean freight financing.

Credit
==========

U.S. WHEAT/FLOUR TRADE WITH SELECTED COUNTRIES
UNDER CCC GUARANTEE PROGRAMS 1/

	FY 1985		FY 1986		
	Guarantees Approved	Est. Quantity Shipped	Programs Announced	Programs Approved	Estimated Quantity Purchased 2/
	-$ Millions-	--1,000 Tons--	-----$ Millions-----		----1,000 Tons----
Algeria	--	--	$70.1	$44.4	317.1
Bangladesh ..	$42.1	280.7	--	--	--
Brazil	$272.5	1,816.7	$150.0	$58.8	420.0
Chile	$59.5	396.7	$42.0	$11.5	82.1
Colombia	$79.0	526.7	$96.0	$22.9	163.6
Ecuador	$32.6	217.3	$55.0	$50.4	360.0
Egypt	$77.6	464.0	$145.0 4/	$140.7	900.7
Guatemala ...	$16.1	107.3	--	--	--
Haiti	$7.5	50.0	$7.5	$5.0	35.7
Iraq	$88.5	590.0	$127.7 4/	$109.5	754.5
Jamaica	$4.2	28.0	$7.5 4/	$1.1	7.9
Jordan	$19.9	132.7	$54.0	$12.4	88.6
Korea	$108.9	726.0	$160.0	$159.1	1,136.4
Morocco	--	--	$150.0	$101.2	722.9
Pakistan	$40.1	267.3	$45.0	--	--
Philippines .	$43.2	288.0	--	--	--
Portugal	$97.0	646.7 3/	$73.0	$33.7	240.7
Senegal	--	--	$8.5	--	--
Tunisia	--	--	$41.0	--	--
Turkey	$10.1	67.3	$120.0	$59.2	422.9
Yemen	-- 5/	--	$40.0 4/	$6.6	47.1
TOTAL.....	$998.8	6,605.4	$1,322.2	$772.1	5,383.0

1/ Includes GSM-102 as of September 19, 1986.
2/ Estimated quantity purchased with Approved Funds based on $140 per ton for wheat and $190 per ton for wheat flour.
3/ Wheat or feed grains.
4/ Wheat and wheat flour.
5/ $20 million allocated.

U.S. WHEAT EXPORT COMMITMENTS by CLASS to MAJOR DESTINATIONS
TOTAL EXPORTS for 1984/85 - 1985/86; COMMITMENTS to DATE for 1986/87 with COMPARISON to 1985/86
(JUNE/MAY--1,000 TONS)

Destination	Marketing Year	Hard Red Winter	Hard Red Spring	Soft Red Winter	All White	Durum	Total
EC-12	1984/85	340	713	222	--	191	1,466
	1985/86	337	620	162	--	193	1,312
	1985/86*	203	163	205	--	178	749
	1986/87**	--	249	111	--	114	474
Other W. Europe	1984/85	168	69	420	--	35	692
	1985/86	496	108	--	6	11	621
	1985/86*	26	23	--	--	--	49
	1986/87**	105	40	--	--	3	148
USSR	1984/85	6,339	--	--	--	--	6,339
	1985/86	153	--	--	--	--	153
	1985/86*	--	--	--	--	--	0
	1986/87**	--	--	--	--	--	0
China	1984/85	105	--	2,630	--	--	2,735
	1985/86	--	--	581	--	--	581
	1985/86*	--	--	549	--	--	549
	1986/87**	--	--	--	--	--	0
Japan	1984/85	1,277	1,034	--	986	10	3,307
	1985/86	1,294	948	--	937	57	3,236
	1985/86*	607	479	--	451	16	1,553
	1986/87**	515	581	--	488	42	1,626
Taiwan	1984/85	299	211	--	145	--	655
	1985/86	284	225	--	147	--	656
	1985/86*	197	128	--	103	--	428
	1986/87**	300	217	--	124	--	641
Rep. of Korea	1984/85	657	225	--	1,094	--	1,976
	1985/86	594	246	3	1,113	--	1,956
	1985/86*	237	97	3	417	--	754
	1986/87**	217	109	--	434	--	760
Other Asia, Middle East, and Oceania	1984/85	1,998	963	178	1,502	--	4,641
	1985/86	1,783	757	143	1,185	--	3,868
	1985/86*	682	310	40	491	--	1,523
	1986/87**	806	645	202	719	--	2,372
Egypt	1984/85	--	--	429	1,205	--	1,634
	1985/86	--	--	1,361	130	--	1,491
	1985/86*	--	--	738	--	--	738
	1986/87**	--	--	1,196	5	--	1,201
Nigeria	1984/85	1,324	198	111	--	--	1,633
	1985/86	853	21	83	--	--	957
	1985/86*	564	4	70	--	--	638
	1986/87**	337	95	28	--	--	460
Other Africa	1984/85	421	39	2,012	42	802	3,316
	1985/86	1,507	78	816	--	762	3,163
	1985/86*	467	--	324	--	129	920
	1986/87**	899	99	655	--	764	2,417
Brazil	1984/85	3,075	--	67	--	--	3,142
	1985/86	722	--	--	--	--	722
	1985/86*	723	--	--	--	--	723
	1986/87**	470	--	--	--	--	470
Other W. Hemis.	1984/85	1,951	1,261	432	159	282	4,085
	1985/86	1,493	1,182	586	2	231	3,494
	1985/86*	1,330	630	422	4	164	2,550
	1986/87**	1,152	862	266	56	208	2,544
Total 1/	1984/85	17,952	4,713	6,500	5,149	1,420	35,734
	1985/86	9,514	4,203	3,735	3,521	1,341	22,314
	1985/86*	5,138	1,930	2,389	1,462	629	11,548
	1986/87**	5,234	2,983	2,503	1,808	1,302	13,830
MY Projection 2/		17,146	4,627	3,538	4,355	1,633	31,298

1/ Discrepancies due to rounding and sales to unknown destination.
2/ Projections for 1986/87, including flour and products.
* Sales plus accumulated exports as of September 19, 1985, excluding sales for next marketing year.
** Sales plus accumulated exports as of September 18, 1986, excluding sales for next marketing year.

SOURCE: U.S. Export Sales.

**Egypt and Algeria: A three-year, $2-million Targeted Export Assistance (TEA) program to expand U.S. wheat exports to Egypt and Algeria has been announced. Under the program, a pilot flour mill will be built and laboratory equipment provided to a new milling school in Egypt. In Algeria, baking and processing equipment will be provided to the government's cereal training and research center and funds will be used to establish a curriculum for wheat processing and baking. In 1985/86 (July/June) U.S. wheat exports to these two markets totaled almost 3.0 million tons, or about 30 percent of market share.

SUPPORTING DATA FOR COVER STORY

TRADE YEAR 1/	NET EC GRAIN EXPORTS	GRAIN EQUIV. OF LIVESTOCK 2/	NGFI GRAIN EQUIV. 3/	U.S. EXPORTS
		Million Metric Tons		
1981/82	(4.4)	1.1	(12.1)	108.2
1982/83	2.0	1.3	(9.2)	94.1
1983/84	3.1	1.4	(9.9)	95.5
1984/85	13.9	1.5	(9.9)	95.4
1985/86	15.3	1.4	(9.9)	61.0

1/ Grain included wheat and coarse grains. Wheat and coarse grain trade on a July/June and October/September year, respectively.
2/ Pork and poultry products only. Used effeciency ratios of 3.5:1 for pork and 2.0:1 for poultry. Disregarded supplements, vitamins, and medication portion of feed.
3/ Used NGFI:Grain equivalency of 1:1 for manioc and .5:1 for all other NGFI's.

LATEST U.S. EXPORT FORECAST, SHIPMENTS, AND SALES

Export Forecast: The 1986/87 (September/August) U.S. corn and sorghum export forecasts as of September 11, remained unchanged for the second month in a row at 39.4 million and 6.1 million tons, respectively. Corn and sorghum export estimates for 1985/86 also remained unchanged at 31.1 million tons and 4.4 million tons, respectively.

Shipments and Sales: Corn shipments for the 4-week period ending September 18, were up 45 percent from the preceding month's total of 1.1 million tons. Sales for the period were up 26 percent over last month, due to increased purchasing activity by Japan, Taiwan and Korea, and renewed sales to Mexico. Sorghum shipments for the latest 4-week period were down from the preceding month, but cumulative sorghum sales for the new marketing year are double those of last year at this time.

U.S. CORN and SORGHUM SHIPMENTS, SALES, and INSPECTIONS
(SEPTEMBER/AUGUST--MILLION TONS)

------ Monthly SHIPMENTS ------

For Period Ending	CORN 84/85	CORN 85/86	SORGHUM 84/85	SORGHUM 85/86
June 19	2.3	1.3	0.3	0.2
July 17	2.3	1.3	0.2	0.4
Aug 21	2.7	1.2	0.7	0.5
Total for MY....	43.9	31.6	6.3	4.5
	85/86	86/87	85/86	86/87
Sept 18	1.8	1.6	0.5	0.2
Cumulative for MY.	1.4	1.0	0.4	0.2

------ Monthly SALES 1/ ------

For Period Ending	CORN 84/85	CORN 85/86	SORGHUM 84/85	SORGHUM 85/86
June 19	2.6	1.3	0.7	0.4
July 17	2.5	1.4	0.6	0.3
Aug 21	3.8	2.7	0.5	0.5
Total for MY....	50.6	37.9	7.8	5.0
	85/86	86/87	85/86	86/87
Sept 18	2.6	2.9	0.3	0.4
Cumulative for MY.	2.2	2.2	0.2	0.4

Weekly and Annual INSPECTION Rates

	CORN MT	CORN BU	SORGHUM MT	SORGHUM BU
Week Ending September 11	0.3	11.1	0.1	2.6
Week Ending September 18	0.5	20.4	0.1	4.2
Cumulative Since Begin MY ...	1.0	41.2	0.2	8.7
Official Estimate for 1985/86 (Grain only)	39.4	1550	6.1	240
Implied Weekly Average	0.8	29.8	0.1	4.6
Weekly Average for Latest Six Weeks	0.3	13.0	0.1	2.0
Marketing Year-to-Date Weekly Average	0.4	14.7	0.1	3.1
MY Year-to-Date Average Extrapolated Annually	19.4	765	4.1	162
Weekly Average Required during Remainder of MY to Achieve Official Estimate ...	0.8	30.8	0.1	4.7
Weeks Remaining 49				

1/ Sales made since the beginning of the applicable marketing year, including sales for shipment in the next marketing year.

SOURCE: Shipments and sales data from U.S. Export Sales. Inspections data from the Federal Grain Inspection Service.

IMPORTER BUYING ACTIVITY

Reported importer buying activity was slower than last month, with sales to Mexico and South Korea highlighting the month's activity for U.S. exporters.

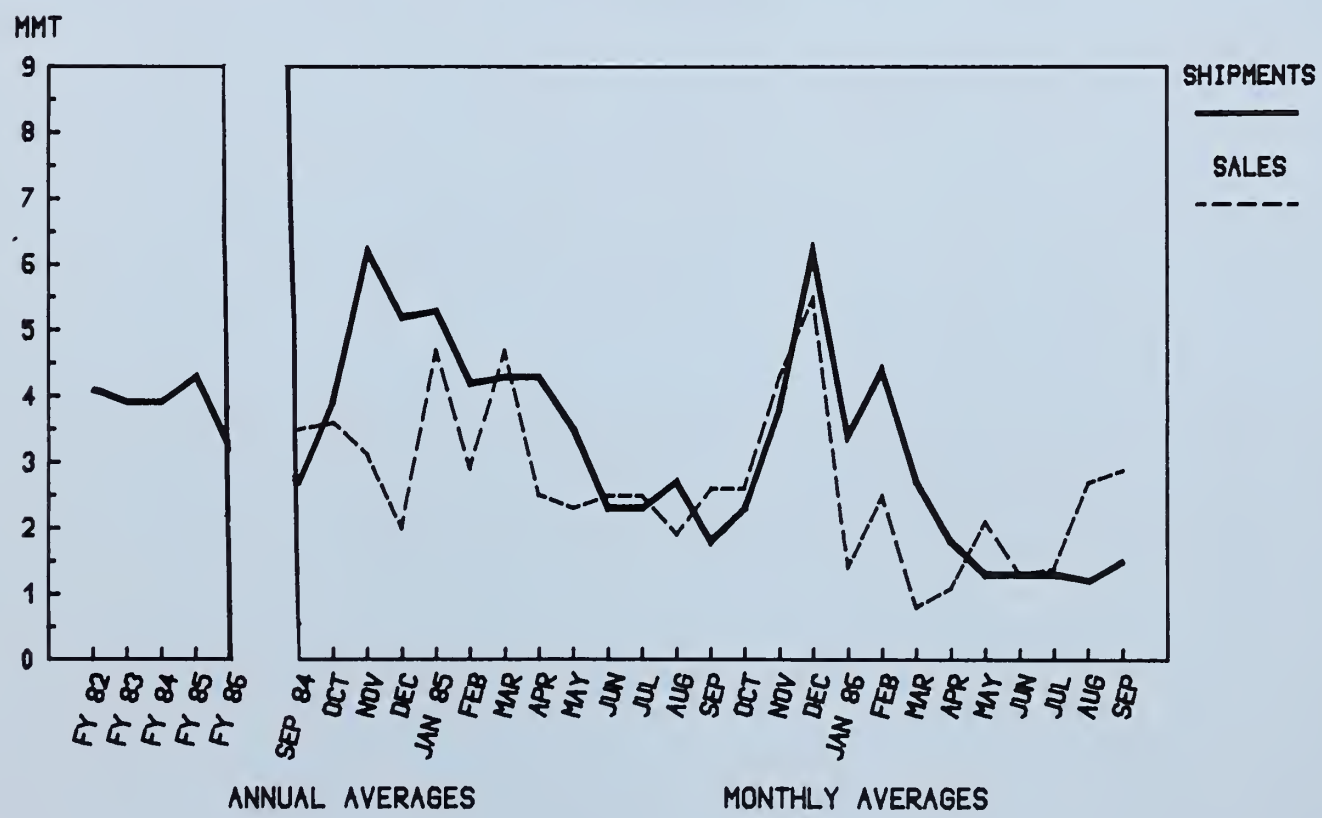
RECENT CORN and SORGHUM IMPORTER BUYING ACTIVITY
REPORTED between AUGUST 23, 1986 and SEPTEMBER 24, 1986 1/

Date of Purchase	Buyer	Origin	Quantity (tons)	Grade 2/	Price Range 3/ ($US per ton)	Delivery Period 4/
8/27	Mexico	U.S.	121,000	# 2 YC	70.27	October
	S. Korea	U.S.	55,000	# 3 YC	76.96	November
9/3	S. Korea	U.S.	55,000	# 2 YC	83.96 C&F	Sept 10
	Mexico	U.S.	150,000	Corn	?	October
9/17	S. Korea	U.S.	50,000	# 2 YC	77.13 C&F	October

1/ Does not include PL-480 sales.
2/ YC=#3 Yellow Corn unless otherwise stated, and YS=Yellow Sorghum
3/ FOB unless otherwise noted.
4/ FH denotes first half; LH, last half.

SOURCE: Unofficial market news reports.

U.S. CORN SHIPMENTS AND SALES
ANNUAL MONTHLY AVERAGES FOR FY 1982 - 1986(PROJ)
AND MONTHLY FROM SEPTEMBER 1984 - SEPTEMBER 1986



U.S. MARKET OPPORTUNITIES

**Mexico: After a virtual absence from U.S. grain markets in recent months, Mexico has purchased approximately 230,000 tons of U.S. corn for October shipment. A lack of foreign exchange and a Mexican decree regulating imports have hindered U.S. grain sales to Mexico. The decree, which requires Mexican authorities to inspect and, at the seller's expense, reject grain not deemed meeting contract specifications was waived for the recent tenders. Mexico is expected to import about 3.0 million tons of corn in 1986/87 (October/September), up over a million tons from the previous year, due to decline in production and growth in domestic demand. As a result, U.S. corn sales to that country, which total over 1.5 million tons through August 1985/86, are expected to increase.

Mexican Corn Supply and Demand
(October/September - 1,000 MT)

Year	Production	Consumption	Total Imports	Imports from U.S.	(%)
1982/83	7,000	12,300	4,000	4,000	100
1983/84	9,300	11,600	2,460	2,460	100
1984/85	9,900	11,800	1,685	1,595	95
1985/86 1/	10,000	11,750	1,750	1,535 3/	83
1986/87 2/	9,000	12,000	3,000		

1/ Estimate. 2/ Forecast. 3/ U.S. exports through August.
Source: USDA

DEVELOPMENTS AFFECTING U.S. EXPORTS

Other Exporting Countries' Selling Activities and Competitive Practices

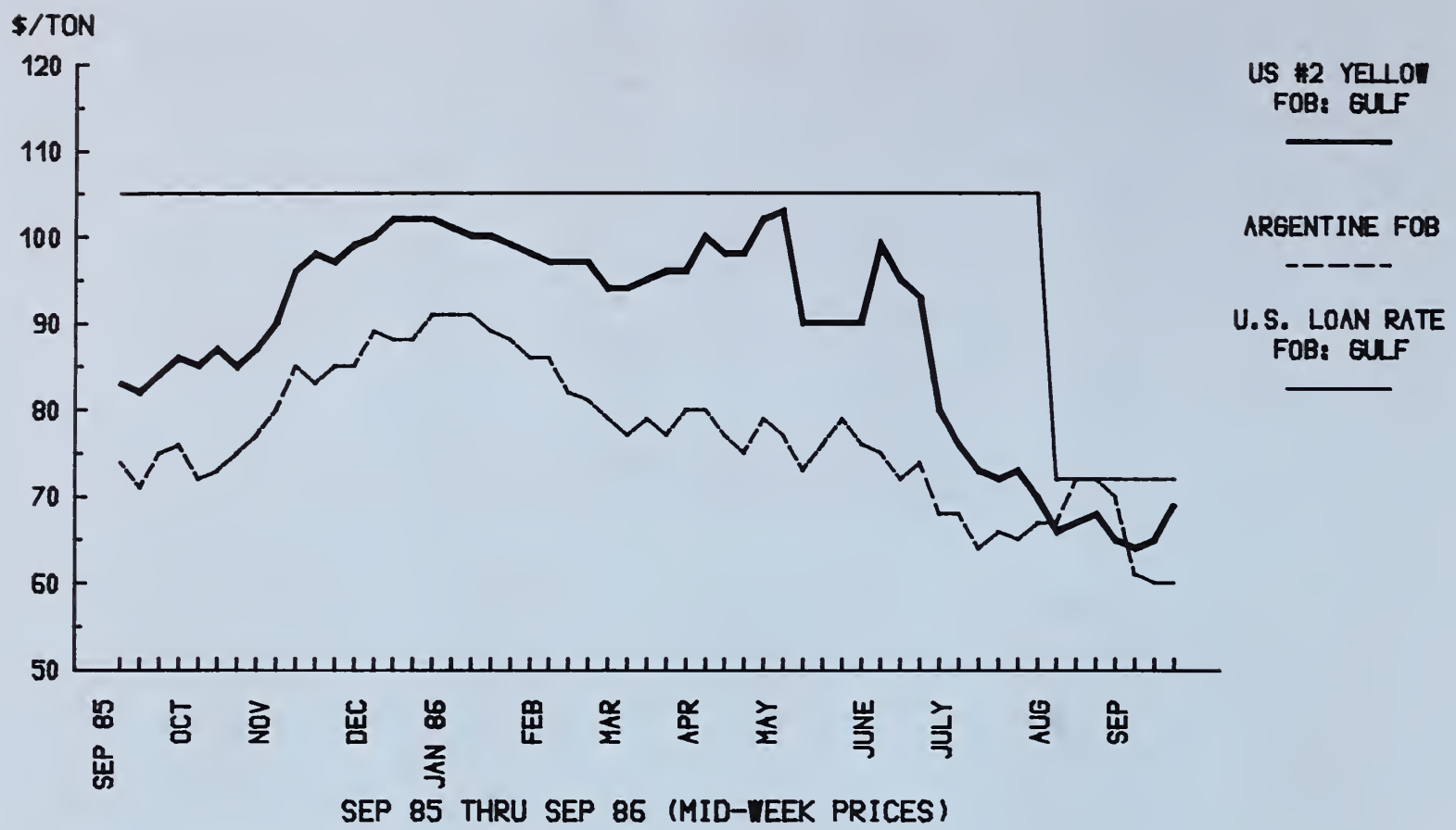
**Summary: Major competitor shipments of corn and sorghum totaled 700,000 tons for the preceding month, up slightly from the same period last year. However, cumulative shipments for the year are down due to lagging Argentine grain sales.

CORN and SORGHUM SHIPMENTS by MAJOR EXPORTING COUNTRIES
RECENT MONTHS and SEASON TOTALS for 1984/85-1985/86
(OCTOBER/SEPTEMBER--MILLION TONS)

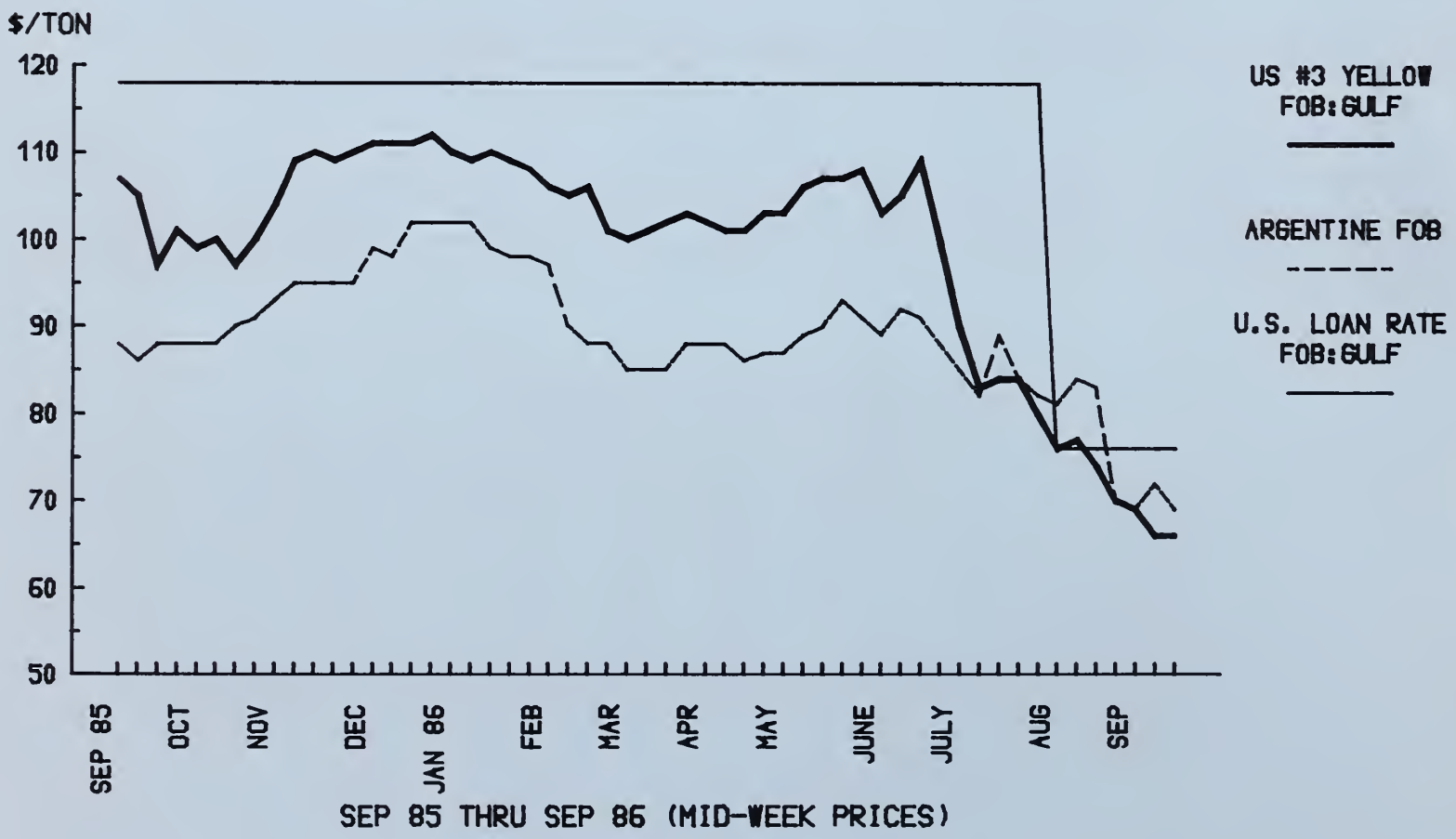
	- SORGHUM -		---------- CORN ----------				--- TOTAL ---	
	ARGENTINA		ARGENTINA		THAILAND			
For Period Ending 1/	84/85	85/86	84/85	85/86	84/85	85/86	84/85	85/86
June 19	0.6	0.4	1.1	1.2	#	0.2	1.7	1.8
July 17	0.5	0.2	0.9	1.1	0.1	0.2	1.5	1.5
August 21	0.3	0.3	0.6	1.0	0.2	0.2	1.1	1.5
September 18	0.1	0.1	0.1	0.4	0.2	0.2	0.4	0.7
Cumulative Since October 1	3.4	2.1	7.0	7.8	3.0	3.2	13.4	13.1
Total for Season 2/	3.4	2.1	7.0	8.0	3.0	3.5	13.4	13.6

1/ Or nearest date.
2/ Forecast for 1985/86.
- Less than 0.1, N/A - Data not available.

SORGHUM EXPORT PRICES
U.S. AND ARGENTINE



CORN EXPORT PRICES
U.S. AND ARGENTINE



**China: Chinese corn exports are expected to reach a record 6.0 million tons in 1985/86 (October/September), due to heavier than expected shipments, to Japan, South Korea, and the Soviet Union. China is expected to continue its aggressive export program in 1986/87, in light of near record corn production prospects and the government's continuing interest in obtaining foreign exchange. Chinese corn competes directly with U.S. exports in major Far Eastern markets where the U.S. has historically been the major supplier. During the early 1980's, China exported about 100,000 tons of corn annually, but agricultural reforms, improved production, and a revision in export policy have enabled China to become a main competitor in world grain markets.

Chinese Corn Supply and Demand
(October/September - 1,000 MT)

Year	Production	Consumption	Imports	Exports
1982/83	60,295	62,845	2,440	50
1983/84	68,210	67,915	130	425
1984/85	73,410	68,320	100	5,190
1985/86 1/	63,830	58,080	250	6,000
1986/87 2/	72,000	66,900	400	5,500

1/ Estimate. 2/ Forecast.
Source: USDA

**Argentina: Lower world prices and a lack of Soviet purchases have apparently caused Argentina to utilize more of its corn crop for domestic feed in 1985/86 (October/September) rather than export it. Since Argentina is the world's second largest corn exporter and competes directly in many U.S. markets, thus any continuation of this change in domestic use patterns could favorably affect U.S. sales in 1986/87. Argentina is currently expected to export about 8.0 million tons of corn in 1986/87, unchanged from last year.

**European Community: The EC is formulating implementing regulations to permit entry of third-country corn at reduced variable levy rates in order to fulfill the terms of the EC-U.S. interim agreement on Spanish access. The agreement, running from July 1 through December 31, 1986, averted a series of trade measures and counter measures which the two parties were ready to impose in the event that a solution was not reached. The agreement is necessary due to the loss by the United States of the Spanish grain import market, as a result of Spain's accession to the EC.

Under terms of the agreement, the EC will track Spanish imports of feed grain components--largely supplied by the United States--during the second half of 1986. If these do not total 234,000 tons monthly, the shortfall will be imported into the EC through the use of reductions in the variable (import) levy. The EC proposes to do this through a tender system beginning in mid-October for any shortfall that occurred in July and August. The United States is not entirely convinced that, under the mechanism as proposed by the EC, the commitment that U.S. corn imports be additional to normal imports that would have occurred, will be met.

Competitive Developments in Selected Foreign Countries

**Soviet Union: Trade sources reported that the Soviet Union has purchased 600,000 tons of Yugoslavian corn as well as smaller quantities from other Eastern European countries. This purchase is significant in that the Soviets have been relatively inactive in world grain markets since the announcement of new grain contract terms by the Soviet government in late July. The United States has not sold any corn to the Soviet Union since June.

OTHER DEVELOPMENTS AFFECTING U.S. EXPORTS

**European Community: Drought conditions in Europe have sharply reduced grain supplies, particularly of French corn and Spanish wheat and barley. As a result, increased EC feed grain import demand, as well as lower EC coarse grain exportable supplies to third countries could lead to greater U.S. opportunities in world grain markets. It was previously expected that the shortfall in the corn crop would be covered by greater consumption of domestic feed wheat and barley. However, with the EC barley crop also reduced by unfavorable weather, more imported corn will probably be required.

In addition to a decline in supplies, any increase in EC corn imports is also dependent upon the quality of the French crop. If the quality is impaired, starch manufacturers would be unable to use this normal source of supply and would be forced to import more third country corn. The current forecast calls for EC coarse grain exports during 1986/87 (October/September) to decline over a million tons from last year, while imports are expected to increase about 25 percent to 6.5 million tons.

**Canada: Canada has delayed announcing a decision on whether to impose a countervailing duty on imported U.S. corn until mid-November, due to the complexity of the investigation. A duty on U.S. corn could disrupt U.S exports to Canada, but more importantly, would set a precedent for other countries to initiate similar investigations. In 1984/85 (October/September), Canada imported about 550,000 tons of corn, all from the United States. With one month remaining in this marketing year, the U.S. has shipped only 250,000 tons of corn to Canada.

U.S. CORN and SORGHUM EXPORT COMMITMENTS to MAJOR DESTINATIONS
(OCTOBER/SEPTEMBER -- 1,000 TONS) 1/

Destination:	1982/83 Total Exports	1983/84 Total Exports	1984/85 Total Exports	1984/85 Committed as of 9/19/85	1985/86 Committed as of 9/18/86
-- CORN --					
EC-12	8,446	8,000	5,970	6,231	3,185
Other W. Europe	302	181	84	177	23
Eastern Europe	1,333	704	606	664	1,070
USSR	3,082	6,283	14,400	15,750	6,808
China	2,161	30	0	0	0
Japan	13,180	13,781	11,175	11,534	11,107
Taiwan	3,000	2,694	3,079	3,304	3,557
Rep. of Korea .	3,908	2,972	1,454	1,602	1,558
Egypt	1,516	1,303	1,399	1,599	1,633
Canada	333	283	421	312	131
Mexico	4,091	2,808	1,420	1,296	1,790
Venezuela	892	1,140	653	638	0
Others	5,282	7,155	6,014	4,208	6,209
TOTAL	47,526	47,334	46,675	47,315	37,070
-- SORGHUM --					
Spain	104	465	45	45	14
Other W. Europe	258	135	111	97	49
Japan	741	1,505	2,340	2,844	2,898
Israel	341	574	503	556	515
Mexico	3,260	2,758	2,156	1,971	291
Venezuela	243	206	1,033	1,070	779
Others	489	597	1,361	602	460
TOTAL	5,436	6,240	7,549	7,185	5,006

1/ Sales plus accumulated exports, excluding sales for next marketing year.

SOURCE: U.S. Bureau of Census and U.S. Export Sales.

Export Forecast: The 1986/87 (June/May) U.S. barley export forecast as of September 18, remained unchanged from last month at 1.2 million.

Shipments and Sales: U.S. barley shipments in 1986/87 (June/May) as of September 18,

U.S. EXPORTS
(June/May - 1,000 MT)

Grain	1984/85	1985/86 1/	1986/87 2/
Barley	1,676	479	1,197
Oats	15	30	30
Rye	10	5	15

1/ Estimated. 2/Projected.

U.S. MARKET OPPORTUNITIES

**Cyprus: Cyprus bought 25,000 tons of barley under the EEP at about $59 per ton C&F. The sale was made less than a month after 200,000 tons of barley was made available to Cyprus under the EEP. Cyprus imports about 200,000 tons of barley annually, mostly from the European Community. In addition the Cyprus sale, Israel purchased 31,000 tons of barley under the EEP within the last month.

U.S. BARLEY EXPORT COMMITMENTS to MAJOR DESTINATIONS
(JUNE/MAY -- 1,000 TONS) 1/

Destination	1983/84 Total Exports	1984/85 Total Exports	1985/86 Total Exports	1985/86 Committed as of 9/19/85	1986/87 Committed as of 9/18/85
EC-12	375	86	12	--	--
Other W. Europe	88	43	--	1	5
Eastern Europe.	112	--	60	31	--
Taiwan	223	208	74	50	75
Japan	380	301	159	137	34
Others	813	1,035	169	73	804
TOTAL.....	1,991	1,673	474	292	918

1/ Sales plus accumulated exports, excluding sales for next marketing year.

SOURCE: U.S. Bureau of Census and U.S. Export Sales.

Other Countries' Selling Activities and Competitive Practices

BARLEY SHIPMENTS by MAJOR EXPORTING COUNTRIES
RECENT MONTHS and SEASON TOTALS for 1984/85-1985/86
(OCTOBER/SEPTEMBER--MILLION TONS)

For Period Ending 1/	- AUSTRALIA -		--- CANADA --		- FRANCE 2/ -		-- U.K. 2/ --		-- TOTAL --	
	84/85	85/86	84/85	85/86	84/85	85/86	84/85	85/86	84/85	85/86
June 19	0.4	0.1	0.1	0.5	0.3	0.2	0.2	0.3	1.0	1.1
July 17	0.4	0.1	0.1	0.4	0.1	0.2	0.1	0.2	0.7	0.9
August 21	0.3	0.1	0.2	0.4	0.1	0.2	0.1	0.2	0.7	0.9
September 18	0.1	NA	0.2	0.9	#	0.2	0.1	0.3	0.4	1.4
Cumulative Since October 1	4.6	3.6	2.5	4.4	2.0	2.4	2.3	2.4	11.4	12.8
Total for Season 3/	4.7	3.8	2.5	3.8	2.1	2.5	2.3	2.5	11.6	12.6

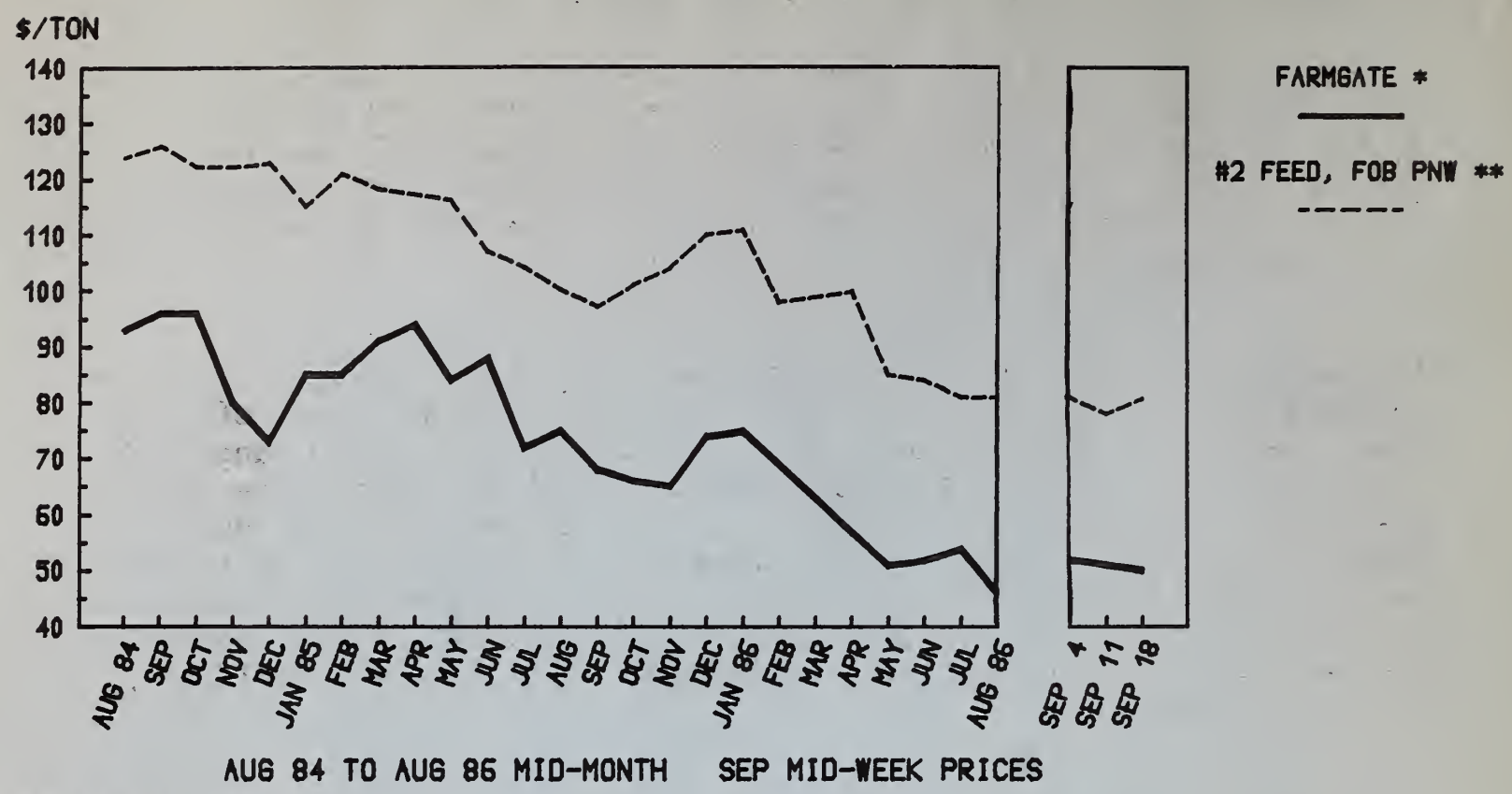
1/ Or nearest date.
2/ Excludes intra-EC trade.
3/ Forecast for 1985/86.
- Less than 0.1, N/A - Data not available.

OTHER DEVELOPMENTS AFFECTING U.S. EXPORTS

**Canada: A strike by grain handlers at Thunder Bay over a salary dispute could disrupt Canadian barley shipments and possibly sales. Barley in storage east of Thunder Bay prior to the strike has enabled Canada to maintain exports, but stores are nearly depleted due to large shipments, and a second strike has closed grain terminals at the Port of Quebec. Although reduced Canadian barley shipments might be expected to improve U.S. grain export prospects, the primary Canadian market that would be affected is the Soviet Union, which may wait for a resumption of Canadian shipments or shift short-term purchases to EC barley.

**Nigeria: Declining foreign revenue from lower world oil prices, has caused the Nigerian government to require that domestic raw materials be substituted for imports, including grain imports. Imported barley malt could thus be banned by 1990 as local brewers develop production methods that enable them to substitute domestic grain for barley malt. Although the United States is not a major source of barley malt to Nigeria, a ban on imports would destroy a growing U.S. market. The U.S. share of Nigerian barley malt imports has increased from less than 5 percent in 1983 to about 12 percent in 1985, largely due to the availability 100,000 tons of barley malt for Nigeria under the Export Enhancement Program.

U.S. FEED BARLEY PRICES
INTERIOR AND EXPORT POSITIONS



AUG 84 TO AUG 86 MID-MONTH SEP MID-WEEK PRICES

*NO QUOTE FOR FEBRUARY THRU APRIL
**NO QUOTE FOR MARCH

RICE

LATEST U.S. EXPORT FORECAST, SHIPMENTS, AND SALES 1/

Export Forecast: The export forecast for the 1986/87 market year remains at 2.6 million metric tons, a sharp increase over the 1.883 million tons exported in the 1985/86 market year. The projected increase reflects more competitive prices of U.S. rice on world markets due to the Marketing Loan provisions of the 1985 Food Security Act. The forecast for the 1986 calendar year remains at 2.2 million tons.

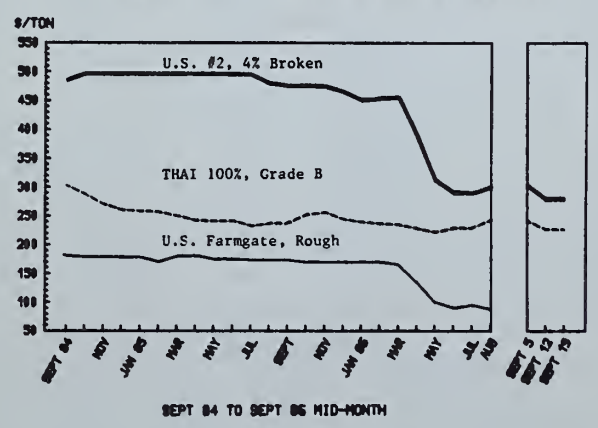
Shipments and Sales: U.S. rice exports during the 4-week period ending September 18 totaled 317,200 tons, sustaining the high levels of the previous 4-week volume of 323,100 tons. Major destinations included Bangladesh, Brazil (181,000 tons), Liberia, Belgium, and Saudi Arabia. Cumulative shipments for the 1986/87 marketing year through September 18 now total 535,900 tons, compared with 296,800 tons for the same period 1 year ago. In the 4-week period ending September 18, reported new sales totaled 125,200 tons, down from the previously reported 4-week total of 225,400 tons. Export commitments for the new marketing year now total 1,017,200 tons, compared to 713,100 for the same period last year.

1/ Shipments and sales are on a product basis.

Weekly U.S. Rice Exports
(Metric Tons)

Week Ending	Actual Exports	4 Week Moving Average
Aug 28	90,800	77,375
Sep 4	66,900	77,775
Sep 11	76,400	84,625
Sep 18	83,100	79,300

RICE PRICES
US AND THAI (C&F ROTTERDAM) AND US FARM



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U.S. RICE EXPORT COMMITMENTS BY CLASS TO MAJOR DESTINATIONS

(AUGUST/JULY - 1,000 MT)

Destination	Marketing Year 4/	Long Grain Milled	Long Grain Brown 2/	Other 1/ Milled	Other 1/ Brown	Total Exports
EC 12	1983/84	29	192	2	70	293
	1984/85	10	209	7	98	331
	1985/86	*	162	2	--	164
	1986/87	1	128	--	--	129
Other W. Europe	1983/84	23	35	3	138	199
	1984/85	27	31	4	63	125
	1985/86	23	29	2	--	54
	1986/87	15	15	8	--	39
Iraq	1983/84	230	--	2	--	232
	1984/85	429	15	1	--	445
	1985/86	480	--	--	--	480
	1986/87	81	--	--	--	81
Saudi Arabia	1983/84	253	--	6	--	259
	1984/85	239	--	6	--	245
	1985/86	150	--	2	--	152
	1986/87	62	--	1	--	63
Other Middle East	1983/84	40	--	12	--	52
	1984/85	41	--	5	--	46
	1985/86	9	--	40	--	49
	1986/87	31	--	1	--	32
Republic of Korea	1983/84	--	--	*	112	112
	1984/85	--	--	--	--	--
	1985/86	--	--	--	--	--
	1986/87	--	--	--	--	--
Other Asia & Oceania	1983/84	3	--	140	--	143
	1984/85	3	--	99	--	102
	1985/86	2	--	12	152	166
	1986/87	1	--	66	--	67
Nigeria	1983/84	63	--	--	--	63
	1984/85	*	--	--	--	--
	1985/86	--	--	--	--	--
	1986/87	--	--	--	--	--
Other Africa	1983/84	95	150	136	--	381
	1984/85	116	65	278	11	476
	1985/86	172	51	144	10	378
	1986/87	111	18	26	16	171
Western Hemisphere	1983/84	156	24	109	14	303
	1984/85	137	49	13	19	217
	1985/86	172	95	10	14	290
	1986/87	134	242	50	9	435
Total 3/	1983/84	900	401	408	338	2,047
	1984/85	985	389	422	190	1,998
	1985/86	1,009	407	210	176	1,802
	1986/87	432	407	152	26	1,017

* Less than 500 tons.
1/ Includes short, medium, and mixed.
2/ Data not converted to a milled equivalency, and includes rough rice.
3/ Discrepancies due to rounding and changes to unknown destinations.
4/ 1986/87 year includes August 1 through September 21
SOURCE: U.S. Export Sales Report

IMPORTER BUYING ACTIVITY

Importer buying remained steady over the past month, with Malaysia buying 72,000 tons under a Government to Government agreement with Thailand. North Korea bought over 50,000 tons of brokens from Thailand, and now reportedly has commitments on 150,000 tons from that origin. Iran reportedly bought 40,000 tons, as well as reaching a barter agreement for 250,000 tons with Pakistan. Iraq has reportedly purchased at least 75,000 tons from the United States. Peru purchased 42,000 tons from the United States under the PL-480 program.

OTHER DEVELOPMENTS AFFECTING U.S. EXPORTS

Rice prices posted by the Thai Board of Trade have decreased by about $5 per ton for most grades over the past month, with prices for 100 percent grade B now at $220 per ton. Actual export prices for 100 percent grade B have decreased to $177 per ton, from the level of $187 reported last month. Last year at this time, 100 percent grade B was selling for about $198 per ton. Thai A-1 Special rice is down sharply to $112 per ton, compared to the $124 per ton reported last month.

Thai exporters lowered prices in an apparent attempt to stimulate sales as the near-record export pace for CY 1986 slackened slightly.

SELECTED RECENT RICE IMPORTER BUYING ACTIVITY
REPORTED BETWEEN AUGUST 26 AND SEPTEMBER 25, 1986

BUYER	ORIGIN	QUANTITY 1,000 TONS	QUALITY 1/	PRICE $/MT 2/	DELIVERY PERIOD	DATE OF REPORT
Brazil	Thailand	9,000	5%	171	N/A	9-16
Cameroon	Thailand	1,500	100% B	186	N/A	9-16
Cameroon	Thailand	2,500	15%	170	N/A	9-16
Cameroon	Thailand	3,000	35%	148	N/A	9-16
Cameroon	Thailand	5,000	P 5%	160	N/A	9-16
China	Thailand	7,000	A-1 Sup	100	N/A	9-2
Gambia	Thailand	5,000	A-1 Spc	112	N/A	9-23
Guinea	Thailand	11,000	35%	137	N/A	9-16
Iran	Pakistan	15,000	Sind 6%	171	Sep/Oct	9-5
Iran	Pakistan	25,000	Punjab 6%	181	Sep/Oct	9-5
Iran	Pakistan	45,000	Sind 6%	171	Nov/Dec	9-5
Iraq	U.S.A	75,000	2/4	N/A	Oct-Dec	9-25
Israel	Thailand	1,900	100% Br	142 (Bulk)	N/A	9-16
Kenya	Thailand	10,000	10%	164	N/A	9-16
Mali	Thailand	5,000	P 5%	149.85	N/A	9-23
Mozambique	Thailand	10,311	A-1 Spc	122	N/A	9-2
N. Korea	Thailand	11,000	A-1 Sup	118	N/A	9-9
N. Korea	Thailand	10,000	A-1 Sup	132 C+F	N/A	9-9
N. Korea	Thailand	10,000	A-1 Sup	132 C+F	N/A	9-9
N. Korea	Thailand	15,000	A-1 Sup	N/A	N/A	9-16
WFP	Thailand	24,800	35%	135	N/A	9-23
W. Africa	Thailand	10,000	10%	N/A	N/A	9-2
Vietnam	Thailand	5,000	A-1 Sup	100	N/A	9-16

1/ P = Parboiled, LG = Long Grain, MG = Medium Grain, SG = Short Grain, Br = Brown, F = Fragrant, L/Bld = Long Boiled, F.Bld = Full Boiled, Gl = Glutinous, Sup = Super, Spc = Special.

2/ F.O.B. basis unless otherwise indicated. Price information is in many cases unconfirmed and as reported through unofficial market sources.

On the the Rotterdam market, U.S. #2/4 percent broken long grain rice has decreased to $278.90 c.&f., while Thai 100 percent B (bulk) is now selling for $226 per ton c.&f. U.S. bulk brown rice is at $193 per ton c.&f., while Thai brown is reportedly selling for $195 per ton c.&f.

**Thailand: Thailand exported 289,941 tons of rice in the past 4 weeks, down from 345,438 tons for the previous 4-week period. Calendar year exports through September 13 totaled 3,419,000 tons, up 10 percent from the 3,110,000 tons exported during the same period 1 year ago.

Export commitments apparent for calendar year 1986, as of September 16, were 3,550,494 tons, compared with 3,511,120 tons for the same period in 1985. The current FAS estimate for Thai exports in CY 1986 is 4.4 million tons, compared to the 4.0 million tons exported in CY 1985.

Weekly Thai Rice Exports
(Metric Tons)

Week Ending	Actual Exports	4 Week Moving Average
Aug 23	80,018	86,671
Aug 30	87,724	87,365
Sep 6	55,075	74,924
Sep 13	67,124	72,485

**Pakistan: Pakistan signed a trade agreement with Iran on August 3, under which Pakistan will export 250,000 tons of rice, among a broad range of other commodities and products, in exchange for crude oil and non-petroleum commodities from Iran. It is likely that Pakistan will largely export high quality Basmati and IRRI rice, qualities of which Iran traditionally has imported about 100,000 to 120,000 tons per year from Pakistan. In calendar year 1986 Pakistan has exported 760,581 tons through July.

**Peru: Peruvian rice imports for CY 1986, up sharply from CY 1985 mainly due to a severe drought in the major rice producing regions, may exceed previous official estimates. ECASA, the government food agency, now reports that Peruvian stocks are nearly exhausted and that about 110,000 additional tons will be required by December, which if realized, would bring CY 1986 imports to about 290,000 tons. ECASA also indicates that Peru will also need 150,000 tons of rice for delivery in 1987 before the Peruvian harvest in July, of which 80,000 tons would be used to replenish depleted stocks.

A portion of these imports are likely to come from the United States which has supplied 80 percent of Peru's imports since 1979. Peru intends to import some brown rice which would stimulate employment at mills located in the north

where milled rice production has suffered due to limited paddy deliveries brought on by the drought.

Peru reportedly has purchased 182,000 tons to date in CY 1986: 80,000 tons from Thailand, 40,000 tons from China, 10,000 tons each from Argentina and Costa Rica, and 42,000 tons recently bought from the U.S. under the PL 480 program. Peru imported only 5,000 tons in CY 1985, all from the United States.

**Indonesia: Indonesia is unlikely to import rice in CY 1987 even though domestic consumption will exceed production by 624,000 tons, the first rice deficit year since Indonesia achieved self-sufficiency in rice in 1984. BULOG, the state food agency, currently estimates stocks at 2.8 million tons which will be drawn down to cover domestic consumption. BULOG forecasts 1987 production at about 27 million tons, milled basis, compared to estimated output of about 26.6 million tons in 1986.

EXPORT EXPANSION ACTIVITIES

**TEA Program: On Sept 12, USDA announced plans for a $3.5 million program to expand exports of rice, especially to countries in the European Community, Middle East, Africa, Southeast Asia and the Caribbean, including Mexico.

The main purpose of the program, is to offset unfair trade practices such as quotas and levies which adversely affect U.S. rice exports. Funds will be used to finance promotion and education campaigns to demonstrate the quality and versatility of U.S. rice.

Promotional activities will be carried out through a cooperative agreement between the U.S. Department of Agriculture's Foreign Agricultural Service and the Rice Council for Market Development, an FAS cooperator.

**Rice Council for Market Development: The U.S. Rice Council for Market Development sponsered a rice delegation from Peru in September which met with USDA officials and trade members in Washington D.C. and then visited Houston, Lake Charles, Louisana, and Sacramento to meet with trade representatives and to tour rice milling and port facilities.

**GSM-102: Credit guarantees of $51.2 million remain for Iraq, after purchases of $70.8 million this fiscal year, not including the amount spent in the latest round of purchases. Credit lines for other elgible countries remain unchanged from last month: Jamaica $8.9 million, Brazil $50 million, Guatemala $2 million, Jordan $12 million, and Portugal $19 million. Purchases under the Fiscal Year 1986 program must be made by September 30.

**PL-480: Rice sales made under the PL-480 program in September included 42,000 tons to Peru.

STATUS OF FY 86 TITLE I/III OBLIGATIONS
AS OF 8/27/86
(1,000 MT, $MILLION)

COUNTRY DATES	AGREEMENTS QTY	AGREEMENTS VALUE	PA'S ISSUED QTY	PA'S ISSUED VALUE	SALES QTY	SALES VALUE	TYPE & PRICE $/MT
BANGLADESH	35.0	10.0	35.0	10.0	63.3	10.0	MG 157-159
GUINEA	20.0	6.0	20.0	6.0	10.0	3.1	LG 296-308
					15.1	2.9	LG 194
GUATEMALA	13.0	2.6	13.0	2.6			
GHANA	5.4	1.0	5.4	1.0	5.8	1.0	LG 171
JAMAICA	33.0	9.0	33.0	9.0	11.2	3.4	B LG 296-305
					9.0	1.4	B LG 160
					6.0	1.0	B LG 162-166
					9.8	1.7	B LG 175-185
					11.5	.6	B LG 142
KENYA	11.0	2.9	11.0	2.9	16.1	2.9	LG 169-176
LIBERIA	48.0	11.0	48.0	11.0	31.0	6.2	PB LG 196-203
MADAGASCAR	13.8	4.0	18.0	4.0	24.1	4.0	MG 166 BULK
MOZAMBIQUE	10.0	2.9	10.0	2.9	14.7	2.9	MG 10.8 MT 195-198
							LG 3.9 MT 198-199
PERU	35.0	7.0	35.0	7.0	42.1	7.0	MG 42.1 MT 165-169
SENEGAL	38.3	9.5	38.3	9.5	21.7	5.3	16.8 MT MG 240-252
							5.6 MT LG 245-249
					25.0	4.0	10.0 MT MG 149 BULK
							15.0 MT MG 168 BULK
SIERRA LEONE	29.0	6.0	29.0	6.0	21.3	3.8	21.3 MT LG 177-179
					11.6	2.0	11.6 MT LG 173-177
SOMALIA	17.0	4.4	17.0	4.4	24.7	4.4	14.2 MT LG 173-180
							10.5 MT MG 173-178
YEMEN (YAR)	13.0	5.0	13.0	5.0	23.9	5.0	PB 2/4 LG 205-214

QUANTITY and VALUE of U.S. GRAIN and FEED COMMODITY EXPORTS
IN FISCAL YEAR 1985 with COMPARISON to the PRECEDING YEAR

COMMODITY	JULY FY 85	JULY FY 86	CUMULATIVE OCT THRU JULY FY 85	CUMULATIVE OCT THRU JULY FY 86	ACTUAL EXPORTS FY 85	PROJECTED EXPORTS FY 86
WHEAT (grain only)						
Quantity (1000 tons).....	1,738	2,843	24,193	19,720	28,524	25,000
Value Per Ton (dollars).....	$142	$114	$152	$133	$149	$128
Value (in million dollars)....	$247	$323	$3,667	$2,630	$4,263	$3,200
FLOUR						
Quantity (1000 tons).....	77	130	915	1,258	1,070	1,800
Value Per Ton (dollars).....	$156	$123	$167	$134	$200	$170
Value (in million dollars)....	$12	$16	$153	$168	$214	$306
CORN (grain only)						
Quantity (1000 tons).....	2,426	1,132	41,941	27,823	46,276	30,050
Value Per Ton (dollars).....	$121	$103	$126	$108	$125	$108
Value (in million dollars)....	$293	$117	$5,283	$3,011	$5,771	$3,245
SORGHUM (grain only)						
Quantity (1000 tons).....	470	450	6,320	3,513	7,549	3,950
Value Per Ton (dollars).....	$117	$89	$118	$97	$115	$98
Value (in million dollars)....	$55	$40	$743	$342	$868	$387
BARLEY, OATS, AND RYE (grain only)						
Quantity (1000 tons).....	81	27	1,067	231	1,202	475
Value Per Ton (dollars).....	$99	$74	$126	$104	$122	$99
Value (in million dollars)....	$8	$2	$134	$24	$147	$47
TOTAL COARSE GRAINS (grain only)						
Quantity (1000 tons).....	2,977	1,609	49,328	31,567	55,027	34,475
Value Per Ton (dollars).....	$120	$99	$125	$107	$123	$107
Value (in million dollars)....	$356	$159	$6,160	$3,377	$6,786	$3,679
RICE (grain only)						
Quantity (1000 tons).....	162	307	1,519	1,494	1,908	2,000
Value Per Ton (dollars).....	$352	$228	$360	$323	$354	$300
Value (in million dollars)....	$57	$70	$547	$482	$676	$600
PULSES						
Quantity (1000 tons).....	29	29	365	392	425	450
Value Per Ton (dollars).....	$483	$414	$466	$454	$461	$449
Value (in million dollars)....	$14	$12	$170	$178	$196	$202
OTHER GRAIN PRODUCTS						
Quantity (1000 tons).....	137	114	1,213	1,119	1,411	1,300
Value Per Ton (dollars).....	$255	$254	$275	$253	$241	$250
Value (in million dollars)....	$35	$29	$334	$283	$340	$325
FORAGE, HAY, MIXED FEED AND GRAIN BYPRODUCTS						
Quantity (1000 tons).....	405	677	5,284	6,635	7,500	7,500
Value Per Ton (dollars).....	$156	$162	$151	$152	$152	$152
Value (in million dollars)....	$63	$110	$798	$1,010	$1,140	$1,140
TOTAL VOLUME (in thousand tons)	5,525	5,709	82,817	62,185	95,865	
TOTAL VALUE (in million dollars)	$784	$719	$11,829	$8,128	$13,615	$9,452

SOURCE: U.S. Bureau of Census.

U.S. WHEAT, CORN, SORGHUM, BARLEY, OATS, AND RYE SUPPLY/DISTRIBUTION
MILLION BUSHELS/MILLION ACRES

	Beginning Stocks	Harvested Area	Yield	Production	Imports	Exports	Feed Usage	Total Domestic Use
Wheat								
1976/77	666	70.9	30.3	2,149	3	950	75	755
1977/78	1,113	66.7	30.7	2,046	2	1,124	192	859
1978/79	1,178	56.5	31.4	1,776	2	1,194	158	837
1979/80	924	62.5	34.2	2,134	2	1,375	86	783
1980/81	902	71.1	33.5	2,381	3	1,514	60	783
1981/82	989	80.6	34.5	2,785	3	1,771	135	847
1982/83	1,159	77.9	35.5	2,765	8	1,509	195	908
1983/84	1,515	61.4	39.4	2,420	4	1,429	369	1,111
1984/85	1,399	66.9	38.8	2,595	10	1,424	410	1,154
1985/86	1,425	64.7	37.5	2,425	15	915	283	1,050
1986/87	1,900	60.9	34.8	2,121	5	1,150	300	1,075
1987/88	1,801							
Corn								
1976/77	633	71.5	88.0	6,289	3	1,657	3,590	4,133
1977/78	1,136	70.6	92.1	6,505	3	1,909	3,717	4,298
1978/79	1,436	71.9	101.0	7,268	1	2,124	4,264	4,872
1979/80	1,710	72.4	109.5	7,928	1	2,415	4,549	5,189
1980/81	2,034	73.0	91.0	6,639	1	2,408	4,157	4,875
1981/82	1,392	74.6	108.9	8,119	1	2,010	4,169	4,966
1982/83	2,537	72.7	113.2	8,235	1	1,834	4,521	5,416
1983/84	3,523	51.5	81.1	4,175	3	1,902	3,818	4,793
1984/85	1,006	71.9	106.7	7,674	4	1,865	4,116	5,170
1985/86	1,648	75.1	118.0	8,865	10	1,225	4,150	5,280
1986/87	4,018	69.1	119.7	8,268	3	1,550	4,250	5,400
1987/88	5,339							
Sorghum								
1976/77	49	14.5	49.0	711	-	254	449	459
1977/78	47	13.8	56.6	781	-	223	436	447
1978/79	157	13.4	54.5	731	-	190	540	552
1979/80	146	12.9	62.6	807	-	330	494	506
1980/81	118	12.5	46.3	579	-	293	336	347
1981/82	57	13.7	64.0	876	-	260	416	427
1982/83	247	14.1	59.1	835	-	210	475	485
1983/84	387	10.0	48.7	488	-	245	412	422
1984/85	287	15.3	56.4	866	-	297	539	557
1985/86	300	16.7	66.7	1,113	-	175	650	680
1986/87	558	13.5	64.7	873	-	240	575	605
1987/88	586							
Barley								
1976/77	128	8.4	45.6	383	11	66	172	330
1977/78	126	9.7	44.0	428	9	57	177	333
1978/79	173	9.2	49.2	455	10	26	217	384
1979/80	228	7.5	50.9	383	12	55	204	376
1980/81	192	7.3	49.7	361	10	77	174	349
1981/82	137	9.0	52.4	474	10	100	198	372
1982/83	148	9.0	57.2	516	11	47	241	411
1983/84	217	9.7	52.3	509	7	92	283	452
1984/85	189	11.2	53.4	599	10	77	304	474
1985/86	247	11.5	51.0	589	9	22	332	499
1986/87	325	12.4	50.3	626	5	55	300	475
1987/88	426							
Oats								
1976/77	205	11.8	45.9	540	2	10	490	573
1977/78	164	13.5	55.6	753	2	12	509	594
1978/79	313	11.1	52.3	582	1	13	525	603
1979/80	280	9.7	54.4	527	1	4	492	568
1980/81	236	8.7	53.0	459	1	13	432	506
1981/82	177	9.4	54.2	510	2	7	454	530
1982/83	152	10.3	57.8	593	4	3	441	526
1983/84	220	9.1	52.6	477	30	2	466	544
1984/85	181	8.2	58.0	474	34	1	433	508
1985/86	180	8.2	63.6	519	28	2	458	541
1986/87	183	7.5	54.8	413	30	2	400	485
1987/88	139							
Rye								
1976/77	4	0.7	21.4	15	-	-	5	15
1977/78	4	0.7	24.4	17	-	-	7	17
1978/79	4	0.9	26.0	24	-	-	8	19
1979/80	9	0.9	25.7	22	-	2	7	17
1980/81	12	0.7	24.6	16	-	8	7	16
1981/82	4	0.7	26.6	18	-	2	8	18
1982/83	3	0.7	28.9	20	3	-	10	20
1983/84	6	0.9	30.3	27	2	1	12	22
1984/85	11	1.0	33.1	33	1	1	14	24
1985/86	20	0.7	28.8	21	2	1	10	20
1986/87	22	0.7	29.8	20	1	1	13	23
1987/88	19							

Notes: Commodity Years As Follows: June/May-Wheat, Barley, Oats and Rye; October/September-Corn and Sorghum.
"-" Denotes zero.

Source: World Agricultural Supply and Demand Estimates No. 197, September 11, 1986

U.S. Wheat Programs

	1984 Program		1985 Program		1986 Program	
	Equivalent Export Price 1/ ($/Ton)	Farm Price ($/Bu)	Equivalent Export Price 1/ ($/Ton)	Farm Price ($/Bu)	Equivalent Export Price 1/ ($/Ton)	Farm Price ($/Bu)
Trigger Release Price	----	$4.45	----	$4.45	----	----
Target Price	$187	$4.38	$187	$4.38	$187	$4.38
Loan (Reserve)	----	$3.30	----	----	----	----
National Loan	$147	$3.30	$147	$3.30	$114	$2.40
Season Average Producer Price	$150	$3.38	$142	$3.16	$108-118	$2.25-2.50
Farm Price 2/	----	----	----	----	$107	$2.21
Paid Diversion	----	$2.70	----	$2.70	----	$2.00 Winter $1.10 Spring

1/ Estimated equivalent, adjusted from $/Bu at the farm level by including transportation and handling allowances of $ .70 per bushel.
2/ ASCS 5-day moving average as of September 19, 1986.

U.S. Corn Programs

	1984 Program		1985 Program		1986 Program	
	Equivalent Export Price 1/ ($/Ton)	Farm Price ($/Bu)	Equivalent Export Price 1/ ($/Ton)	Farm Price ($/Bu)	Equivalent Export Price 1/ ($/Ton)	Farm Price ($/Bu)
Trigger Release Price	----	$3.25	----	$3.25	----	----
Target Price	$137	$3.03	$137	$3.03	$137	$3.03
Loan (Reserve)	----	$2.55	----	$2.55	----	----
National Loan	$118	$2.55	$118	$2.55	$93	$1.92
Season Average Producer Price	$121	$2.62	$110	$2.35	$89-98	$1.65-1.90
Farm Price 2/	----	----	$83	$1.66	----	----
Paid Diversion	----	----	----	----	----	$0.73

1/ Estimated equivalent, adjusted from $/Bu at the farm level by including transportation and handling allowances of $ .45 per bushel.
2/ ASCS 5-day moving average as of September 19, 1986.

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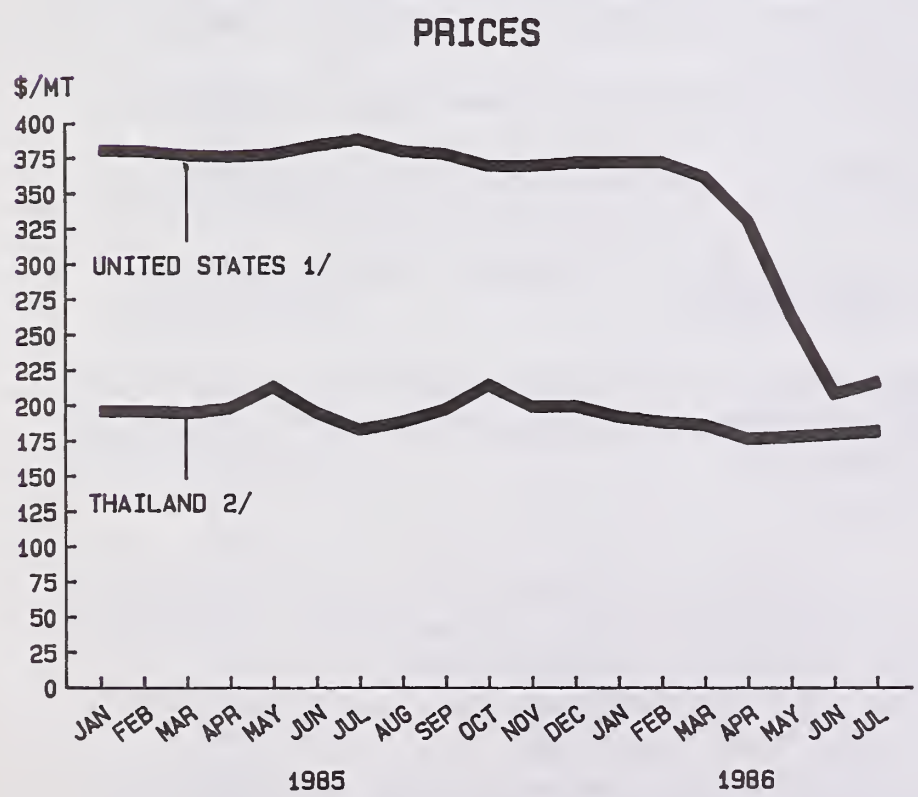
Grains

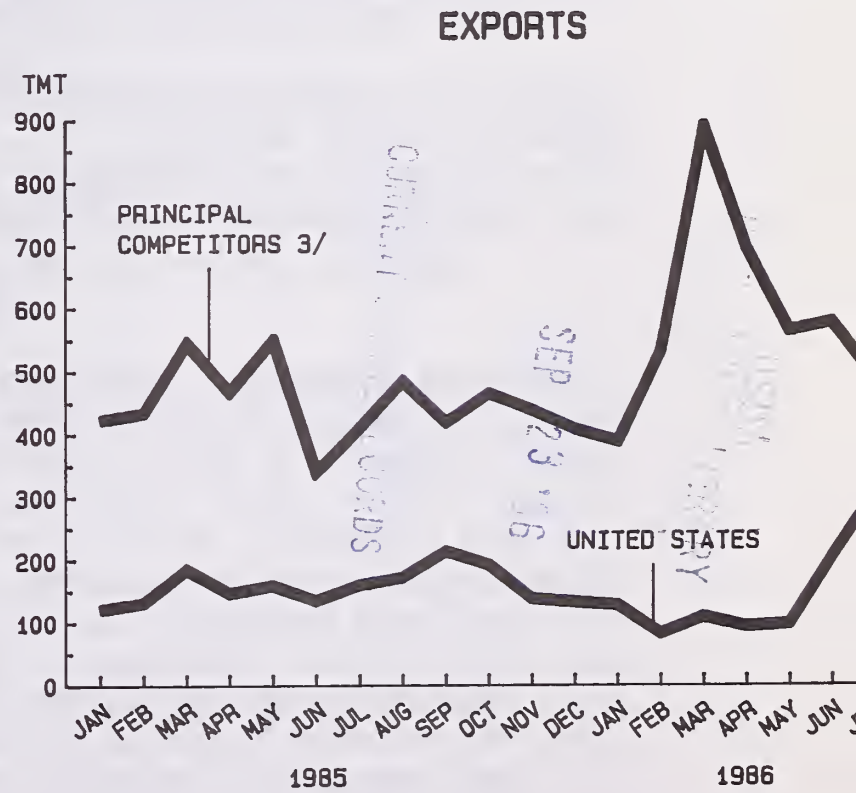
Export Markets for U.S. Grain and Products

EMG-8-86
August 1986

The U.S. marketing loan program for rice has been operational since April 15, 1986. Under the program rice producers are able to pay back their Commodity Credit Corporation loans on the basis of the world market price for rice, as calculated by the United States Department of Agriculture, rather than at original loan levels. The program, aimed at making U.S. rice more competitive in world markets, has been of some concern to other rice exporting countries. This month's cover graphs show the changes in price and export levels for the United States and principal competitors over the past 18 months, a period that incorporates the first four months of the new rice program's operation. From these indicators, it is clear that Thai prices have not weakened since the entry of the marketing loan program as a factor in world markets. Shipments by competing exporters, while down from record early 1986 levels, remain well above rates of a year ago.

U.S. AND COMPETITOR RICE TRADE INDICATORS





1/ #2 long grain, 4 percent broken, FOB Gulf.
2/ 100 percent grade B, FOB Thailand.
3/ Burma, Pakistan, Thailand. July estimated.
NOTE: Prices are not adjusted for quality differences, and thus are not precisely comparable. Exports on milled basis.
Supporting data on page 24.

EXPORT MARKET FOR U.S. GRAIN AND FEED PRODUCTS
August 29, 1986

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HIGHLIGHTS

U.S. export activity increased somewhat over the past month, especially for wheat as both sales and shipments ran ahead of year-earlier levels.

Wheat sales were assisted by the Export Enhancement Program, with the largest new initiative announced for the USSR. Other opportunities developing in the wheat area included:

-- Increasing demand from Yugoslavia due chiefly to poor crop quality.

-- Resumption of U.S. purchasing by Nigeria based on renewal of Export-Import Bank credit guarantees.

Developments favoring competitors included the European Community's announcement that 850,000 tons of Intervention wheat would be available for export before December 21, 1986; signing of an Argentine-Brazilian trade agreement that will reserve a large share of the Brazilian wheat market for Argentina; and an apparent policy decision in Venezuela to favor Argentine qualities for its declining import needs.

This month's coarse grains section features a special story on China's development and potential as a corn exporter. Other highlights include:

-- Increasing opportunities in Korea as import quotas are increased.

-- Less competition from Thailand in view of a sharply lower corn crop.

-- Declining sales prospects in Mexico as a result of foreign exchange constraints.

The first major initiative in the grains area under the U.S. Targeted Export Assistance Program was also announced and will be carried out by the U.S. Feed Grains Council.

The pace of U.S. rice exports continued to strengthen reflecting recent sales to Brazil. Other major market developments reported this month are:

-- High levels of low-quality rice imports by Switzerland for feed use.

-- Brightening sales prospects in the Dominican Republic in view of lower production and increased purchasing activity.

Among competitors, Thai rice prices have strengthened slightly and shipment levels have remained strong. Pakistani and Burmese export levels also continue to be above those of a year ago.

WHEAT

LATEST U.S. EXPORT FORECAST, SHIPMENTS AND SALES

Export Forecast: The forecast for 1986/87 (June/May) U.S. wheat exports was increased as of August 12, from 29.9 million to 31.3 million tons, as a result of some projected increase in world import demand and increased competitiveness of U.S. wheat in world markets.

Shipments and Sales: During the 5-week period ending August 21, U.S. wheat shipments were up about 25 percent over the previous 5-week period (June 13 through July 17) and almost 30 percent higher than last year's cumulative pace. New sales for the period totaled 2.9 million tons, which brought cumulative sales for the year almost 20 percent over last year's total.

U.S. WHEAT SHIPMENTS, SALES, and INSPECTIONS
(JUNE/MAY--MILLION TONS)

------ Monthly SHIPMENTS ------

For Period Ending	1984/85	1985/86
May 22	1.6	1.3
Cumulative for MY..	35.7	22.3
	1985/86	1986/87
June 19	1.5	1.5
July 17	1.9	2.5
Aug 21	2.2	3.5
Cumulative for MY..	5.4	7.0

------ Monthly SALES 1/ ------

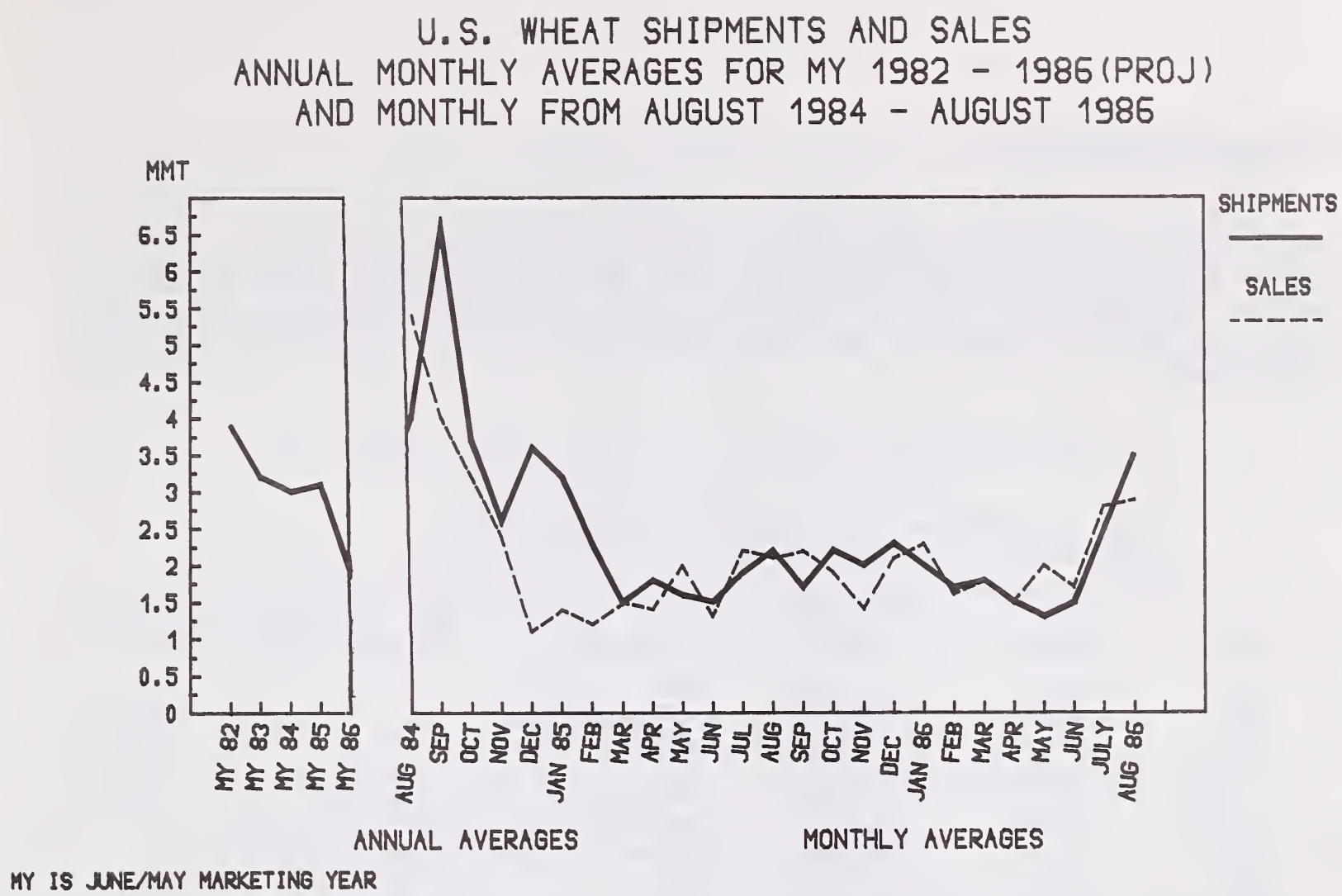
For Period Ending	1984/85	1985/86
May 22	2.0	2.0
Cumulative for MY..	36.6	23.5
	1985/86	1986/87
June 19	1.4	1.7
July 17	2.3	2.8
Aug 21	2.1	2.9
Cumulative for MY..	9.3	10.9

Weekly and Annual INSPECTION Rates

	MT	BU
Week Ending August 14	0.6	21.4
Week Ending August 21	0.7	27.1
Cumulative Since Begin MY ..	7.4	271.5
Official Estimate for 1986/87 (Grain only)	31.3	1150
Implied Weekly Average	0.6	22.1
Weekly Average for Latest Six Weeks	0.7	26.0
Marketing Year-to-Date Weekly Average	0.6	22.6
MY Year-to-Date Average Extrapolated Annually	32.0	1177
Weekly Average Required during Remainder of MY to Achieve Official Estimate ..	0.6	20.3
Weeks Remaining 40		

1/ Sales made since the beginning of the applicable marketing year, including sales for shipment in the next marketing year.

SOURCE: Shipments and sales data from U.S. Export Sales. Inspections data from the Federal Grain Inspection Service.



SUPPLY and DISTRIBUTION of U.S. WHEAT by CLASS
(MILLION BUSHELS)

Marketing Year beginning June 1	Hard Winter	Hard Spring	Soft Red	White	Durum	Total
--- 1985/86 ---						
Beginning Stocks	717	371	64	173	100	1,425
Production	1,230	460	368	254	113	2,425
Total Supply 1/	1,947	838	432	430	218	3,865
Domestic Use	548	176	204	80	42	1,050
Exports	395	166	149	152	53	915
Total Use	943	342	353	232	95	1,965
Ending Stocks	1,004	496	79	198	123	1,900
--- 1986/87 ---						
Beginning Stocks	1,004	496	79	198	123	1,900
Production	1,029	503	289	242	102	2,165
Total Supply 1/	2,033	1,001	368	441	227	4,070
Domestic Use	557	187	192	82	57	1,075
Exports	630	170	130	160	60	1,150
Total Use	1,187	357	322	242	117	2,225
Ending Stocks	846	644	46	199	110	1,845

1/ Includes imports.

SOURCE: World Agricultural Supply and Demand Estimates, No. 196 - August 12, 1986.

IMPORTER BUYING ACTIVITY

Although total world wheat buying remained relatively slow again this month, purchases from the U.S. were heavy, with the Export Enhancement Program (EEP) accounting for more than half of total reported U.S sales activity. Purchases by Egypt and Tunisia under the EEP highlighted the month's buying activity for U.S. exporters.

WHEAT and FLOUR IMPORTER BUYING ACTIVITY
REPORTED between JULY 19, 1986 and AUGUST 22, 1986 1/

Date of Purchase	Buyer	Origin	Quantity (tons)	Grade 2/	Price Range 3/ ($US per ton)	Delivery Period 4/
7/21	Benin	U.S.	10,000	SRW	75.00	EEP
7/23	Japan	U.S.	92,441	WW/HRW/DNS	?	September
	Japan	Australia	35,047	ASW/GP	?	September
	S. Korea	U.S.	11,500	WW	98.07	9/5-10/5
	S. Korea	U.S.	8,500	HRW/DNS	Various	9/5-10/5
7/25	Brazil	Canada	45,000	WWS #3	97.75	?
7/30-8/12	Tunisia	U.S.	200,000	Durum	108.00 C&F	EEP
8/6-7	Egypt	U.S.	277,000	SRW	87.00 C&F	EEP
8/8	Brazil	U.S.	99,000	Wheat	105.25	September
	Brazil	France	25,000	Wheat	90.70	September
8/13	Jordan	Syria	100,000	Wheat	100.00 C&F	October
8/14	S. Korea	Australia	50,000	Feed Wheat	74.63	FH Sept.
	Uruguay	U.S.	51,000	Wheat	111-113 CIF	?

1/ Does not include PL-480 sales.
2/ HRW=Hard Red Winter, HRS=Hard Red Spring, SRW=Soft Red Winter, HAD=Hard Amber Durum, WW=Western White ASW=Australian Soft White, CWRS=Canadian Western Red Spring, PH=Australian Prime Hard, AH=Australian Hard, GP=Australian General Purpose
3/ FOB unless otherwise noted.
4/ FH denotes first half; LH, last half.

SOURCE: Unofficial market news reports.

U.S. MARKET OPPORTUNITIES

**Yugoslavia: Wheat exports to Yugoslavia, including those sold under the EEP, will be exempt from a new grain import levy as long as Yugoslavian domestic supplies are insufficient to meet demand. Heavy rains during last month's harvest substantially reduced the quality of this year's crop and also affected production slightly; hence, the exemption for wheat imports. Prior to announcement of the levy, Yugoslavia had imported 320,000 tons of the 400,000 tons of wheat available to it under the EEP. Due to its poor harvest this year, Yugoslavia could require 800,000 tons of total wheat imports in 1986/87 (July/June), compared to zero last year.

**Soviet Union: The USDA recently announced that U.S. wheat would be made available to the Soviet Union at current world market prices in sufficient quantities to fulfill the terms of the U.S.-USSR Long Term Grain Agreement. The Soviets may buy up to 4 million tons of U.S. wheat by September 30 under this offer. U.S. exporters will be given USDA generic certificates in sufficient quantity to make it possible for them to make U.S. prices competitive.

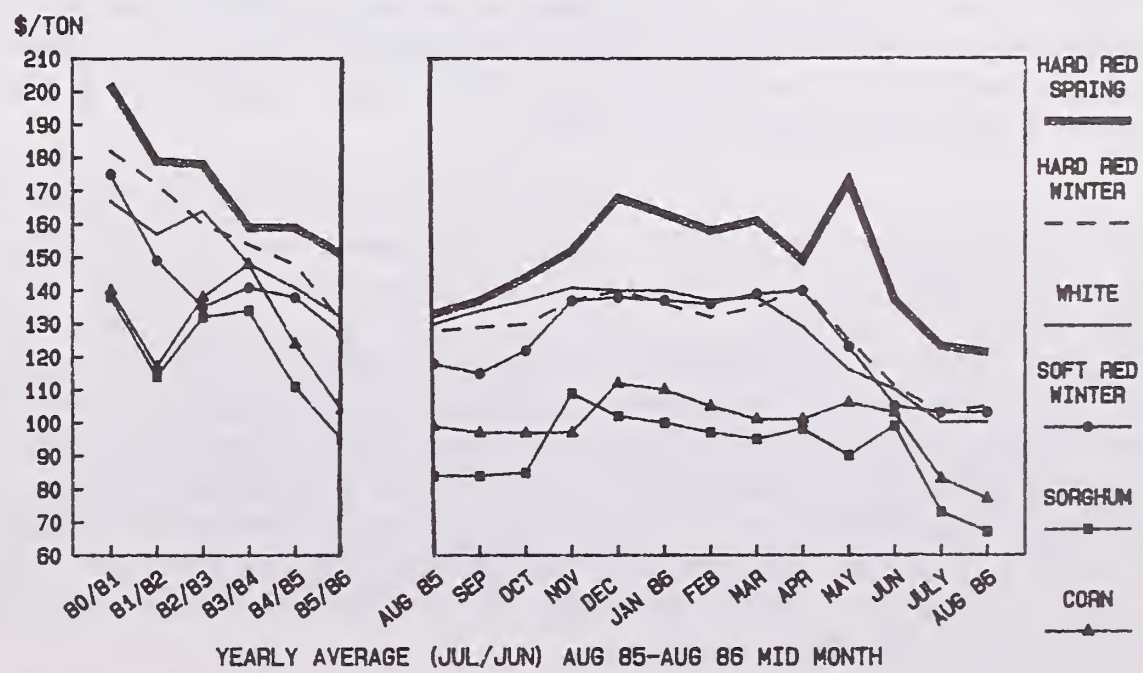
U.S. Exports Under the U.S. - USSR Grain Agreement 1/
(October/September - 1,000 MT)

Commodity	1983/84	1984/85	1985/86 2/
Wheat	4,141	2,887	153
Corn	6,477	15,750	6,808
Total	10,618	18,637	6,961

1/ Five Year Long Term Grain Agreement of August, 1983.
2/ As of August 14, 1986.
Source: U.S. Export Sales Report

**Nigeria: Restoration of credit guarantees under the Foreign Credit Insurance Agency (FCIA) has caused a substantial increase in Nigerian purchases of U.S. wheat, and could lead to over 500,000 tons of U.S. wheat sales to Nigeria through December. Such sales would return the United States to its dominant position in this important wheat market. Since Nigeria issued 1986 import licenses last March, Canada and Argentina have captured the bulk of the Nigerian wheat market at the expense of U.S. wheat sales. The European Community (EC) has also made its first sizable sales in several years.

US. GRAIN COMMODITY EXPORT PRICES FOB GULF
EXCEPT FOB PNW FOR WHITE WHEAT
AND FOB LAKES FOR HARD RED SPRING*



YEARLY AVERAGE (JUL/JUN) AUG 85-AUG 86 MID MONTH

* FOB GULF DURING WINTER MONTHS (DEC THRU MAR)

DEVELOPMENTS AFFECTING U.S. EXPORTS

Other Exporting Countries' Selling Activity and Competitive Practices

**Summary: Cumulative competitor wheat shipments total 4.4 million tons so far this season, 13 percent higher than last year's total at this time. The most active exporter is Canada, whose shipments have been increasing over the past 4 months and now total 2.2 MMT in 1986/87. This is over 40 percent greater than shipments for the same period last year.

WHEAT SHIPMENTS by MAJOR EXPORTING COUNTRIES
RECENT MONTHS and SEASON TOTALS for 1984/85-1986/87
(JULY/JUNE--MILLION TONS)

	-- CANADA --		- AUSTRALIA -		- ARGENTINA -		- FRANCE 2/ -		-- TOTAL --	
For Period Ending 1/	84/85	85/86	84/85	85/86	84/85	85/86	84/85	85/86	84/85	85/86
May 22	1.9	1.3	1.2	2.0	0.7	0.2	1.0	0.4	4.8	3.9
June 19	1.6	1.4	1.4	1.3	0.4	0.1	1.3	0.5	4.7	3.3
otal for Season	19.4	17.0	15.3	15.7	8.0	6.1	12.6	9.3	55.3	48.1
For Period Ending 1/	85/86	86/87	85/86	86/87	85/86	86/87	85/86	86/87	85/86	86/87
July 17	0.9	1.4	0.8	1.2	0.4	0.1	0.2	0.5	2.3	3.2
August 21	1.2	1.6	1.2	1.2	0.3	#	0.3	NA	3.0	NA
umulative Since July 1 .	1.5	2.2	1.4	1.8	0.6	#	0.4	0.4	3.9	4.4
otal for Season 3/	16.7	19.5	15.7	14.5	6.1	4.6	9.3	10.0	47.8	48.6

Or nearest date.
Excludes intra-EC trade.
Forecast for 1986/87.
Less than 0.1, N/A - Data not available.

**European Community: In apparent response to the EEP initiative for the Soviet Union, the EC has announced a program to make 850,000 tons of intervention wheat available for export from September through December. Any export sales from intervention would depend mainly upon competitive pricing, but if made, would likely displace U.S. wheat.

**Brazil: Brazil and Argentina signed a trade agreement which calls for Brazil to purchase about 8.1 million tons of Argentine wheat over the next 5 years at increasing annual amounts reaching 2.0 million tons by the last year of the agreement. The agreement, combined with a bumper Brazilian wheat crop this year, and Brazil's agreement to purchase a minimum yearly amount of 750,000 tons of Canadian wheat, could significantly affect U.S. wheat sales in 1986/87 (July/June). Assuming Brazil substantially fulfills its wheat agreements with Canada and Argentina, third countries might supply only 700,000 to 800,000 tons wheat of the 2.8 million tons Brazil is expected to import in 1986/87. This figure is well below the yearly average of 2.3 million tons of U.S. wheat exported to Brazil over the past 5 years.

Internal Price Policies of Foreign Countries

**Major Exporters: The latest support prices for the principal world wheat exporters, for their respective marketing years, are listed below. Prices are not strictly comparable because U.S., Argentine, and EC prices are on a local delivery point basis, while Australian and Canadian prices are on a coastal location basis and represent their respective marketing boards' initial payments to producers. Prices also are not directly comparable due to quality differences. For example, in terms of quality differentials, the Canadian price is set for No. 1 Canadian Western Red Spring (CWRS), while No. 2 CWRS currently is discounted Can$6 per ton and No. 3 CWRS is discounted Can$14 per ton. No. 1 CWRS has represented about 40 percent of Canadian wheat exports over the past 10 years. EC prices given below are for medium quality wheat and include monthly incremental storage costs.

Major Grain Exporters': Support Prices for Wheat
(per Metric Ton)

Exporter	1984/85 $ U.S. Eq. 1/	1984/85 Local Currency	1985/86 $ U.S. Eq. 1/	1985/86 Local Currency	1986/87 $ U.S. Eq. 1/	1986/87 Local Currency
U.S. (Loan)	$121	$121 ($US)	$121	$121 ($US)	$88	$88 ($US)
Argentina (Reference)..	$89	4800 2/	$81	65 2/	$90	72 2/
Australia (Min. Paymt.)	$124	146 ($A)	$106	150 ($A)	--	NA
Canada (Initial Paymt.)	$123	160 ($C)	$118	160 ($C)	$93	130 ($C)
EC-12 (Lower Qual.) 3/	NA	NA (ECU)	NA	NA (ECU)	$174	170 (ECU)
(Intervention) 4/	NA	NA (ECU)	NA	NA (ECU)	$184	179 (ECU)
(Superior Qual.) 5/	NA	NA (ECU)	NA	NA (ECU)	$188	183 (ECU)

1/ $ U.S. equivalent figured by using the latest exchange rate for the current week of the appropriate year.
2/ Exchange rate in australs as of January 1986. Caution should be taken when using the local price and its $ U.S. equivalent because of the frequent changes in the support price and the volatility of the Argentine exchange rate.
3/ Support price for feed-quality wheat.
4/ Support price paid for bread-quality wheat.
5/ Support price paid for superior-quality wheat. 2 percent premium over medium-quality wheat.

OTHER DEVELOPMENTS AFFECTING U.S. EXPORTS

**EEP Summary: In addition to the Soviet initiatives, during the past month new initiatives for wheat have been announced for the Canary Islands (100,000 tons), for wheat flour and semolina for Egypt (600,000 tons and 30,000 tons, respectively), and for barley for Saudi Arabia (250,000 tons). During this period, 487,000 tons of wheat were sold under the program (Benin 10,000 tons, Egypt 277,000 tons, and Tunisia 200,000 tons), while 555,200 tons of barley was sold, all but 5,200 tons of it to Saudi Arabia.

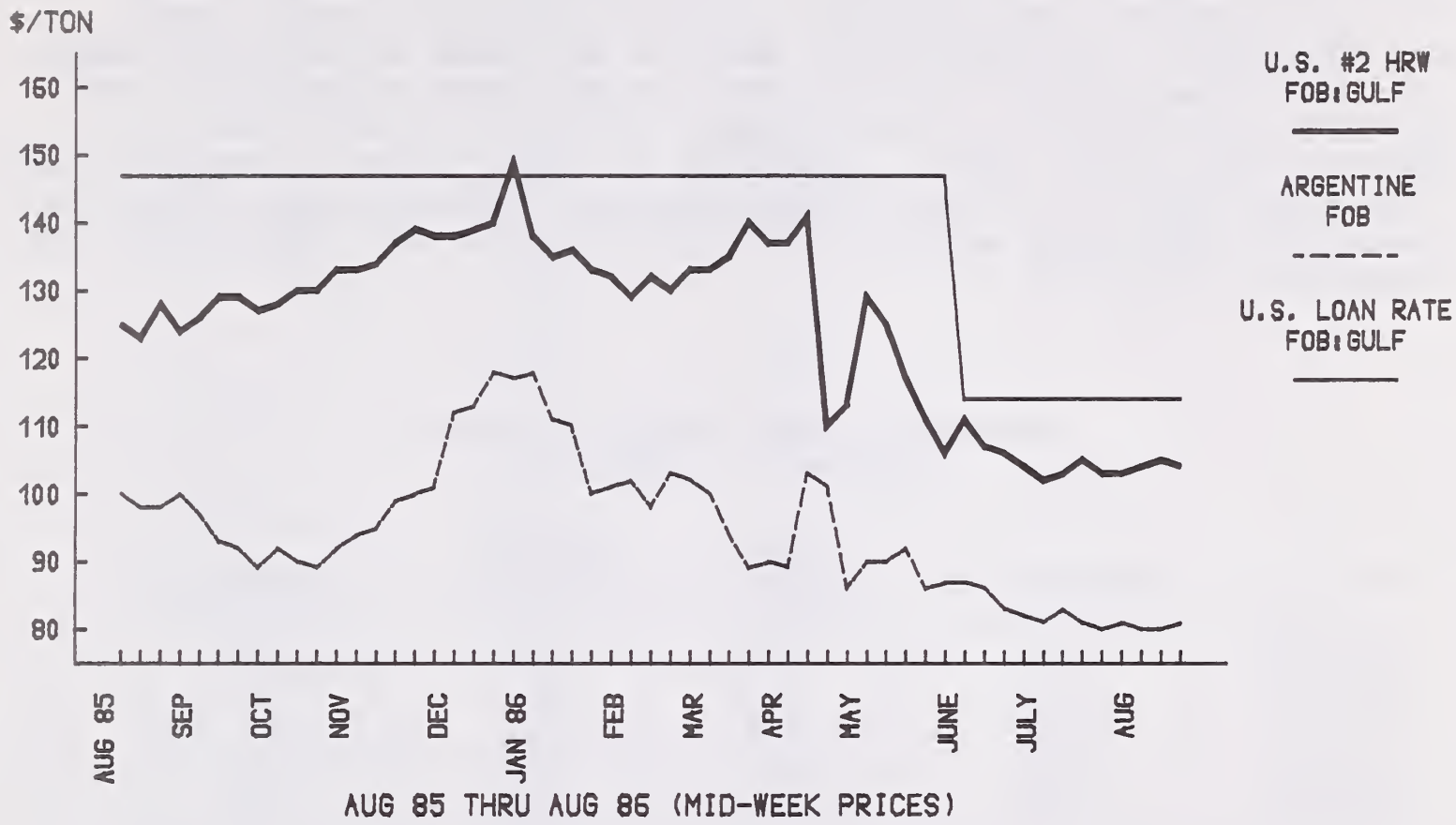
Status of the Export Enhancement Program
as of August 21, 1986

Country	Date Announced	Commodity	Amount Offered (MT)	Amount Purchased (MT)
Algeria	June 4	Wheat	1,000,000	1,000,000
	Apr. 10	Wheat	1,000,000	-----
	Feb. 11	Semolina	250,000	-----
	Feb. 25	Wheat Flour	100,000	-----
	Apr. 17	Barley	500,000	-----
Benin	Apr. 7	Wheat	45,000	20,000
Canary Is.	Aug. 8	Wheat	100,000	-----
Egypt	July 2	Wheat Flour	600,000	600,000 1/
	July 26	Wheat	500,000	500,000
	Oct. 30	Wheat	500,000	512,500
	June 24	Wheat	552,000	529,000
	Aug. 6	Semolina	30,000	
	Aug. 6	Wheat Flour	600,000	
Iraq	Dec. 9	Wheat Flour	150,000	75,000 1/
Israel	June 17	Barley	200,000	5,200
Jordan	Nov. 8	Rice	40,000	22,700
	Mar. 19	Wheat	75,000	75,000
	June 17	Barley	60,000	-----
	June 20	Wheat	75,000	75,000
Morocco	Sep. 30	Wheat	1,500,000	890,000
Nigeria	Dec. 10	Barley Malt	100,000	4,400 1/
Philippines	Nov. 15	Wheat Flour	100,000	50,000 1/
	Jan. 6	Wheat	150,000	152,400
Saudi Arabia	May 7	Barley	500,000	500,000
	Aug. 6	Barley	250,000	250,000
Senegal	July 17	Wheat	100,000	
Sri Lanka	May 16	Wheat	125,000	50,000
Syria	Apr. 8	Wheat	700,000	-----
Tunisia	Mar. 18	Wheat	300,000	250,000
Turkey	Oct. 16	Wheat	500,000	506,600
	May 8	Wheat	500,000	
Yemen	Aug. 20	Wheat Flour	50,000	31,500 1/
	Sep. 6	Wheat	100,000	50,000
	Apr. 14	Wheat Flour	100,000	-----
	Apr. 14	Poultry Feed	150,000	-----
Yugoslavia	Apr. 10	Wheat	200,000	200,000
	June 24	Wheat	200,000	120,000
Zaire	Nov. 18	Wheat Flour	64,000	64,000 1/
	Dec. 27	Wheat	40,000	40,000
	May 15	Wheat	40,000	40,000
	May 15	Wheat Flour	30,000	15,000

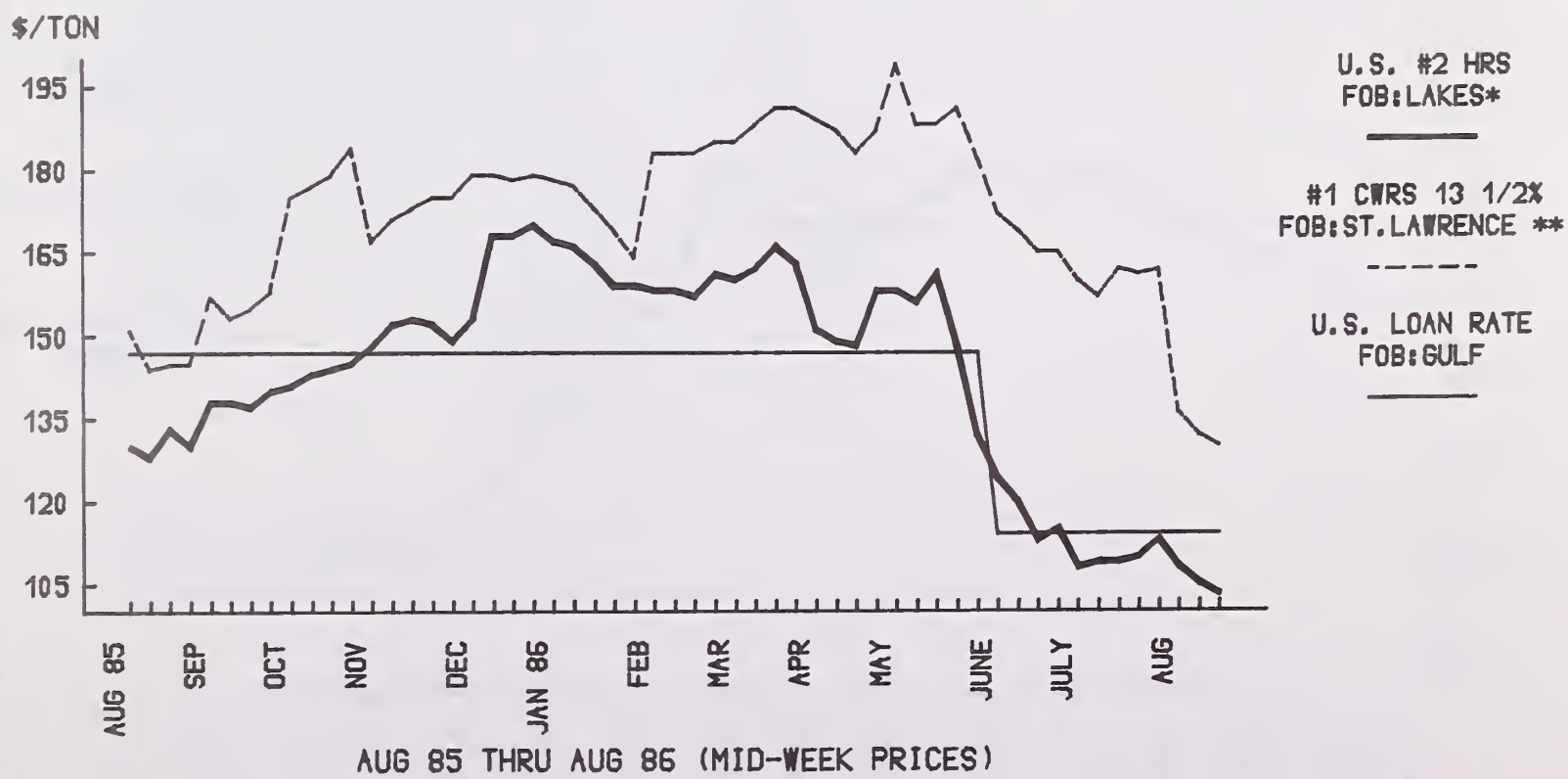
Commodity Totals	Amount Offered (MT)	Amount Purchased (MT)
Wheat	12,302,000 2/	5,010,500
Flour 1/	1,794,000	835,500
Semolina	280,000	-----
Rice	40,000	22,700
Barley Malt 1/	100,000	4,400
Poultry Feed	150,000	-----
Barley	1,510,000	755,200

1/ Not in grain equivalent.
2/ Includes 4.0 million for the Soviet Union.

HARD RED WINTER WHEAT EXPORT PRICES
U.S. AND ARGENTINE



HARD RED SPRING WHEAT EXPORT PRICES
U.S. AND CANADIAN



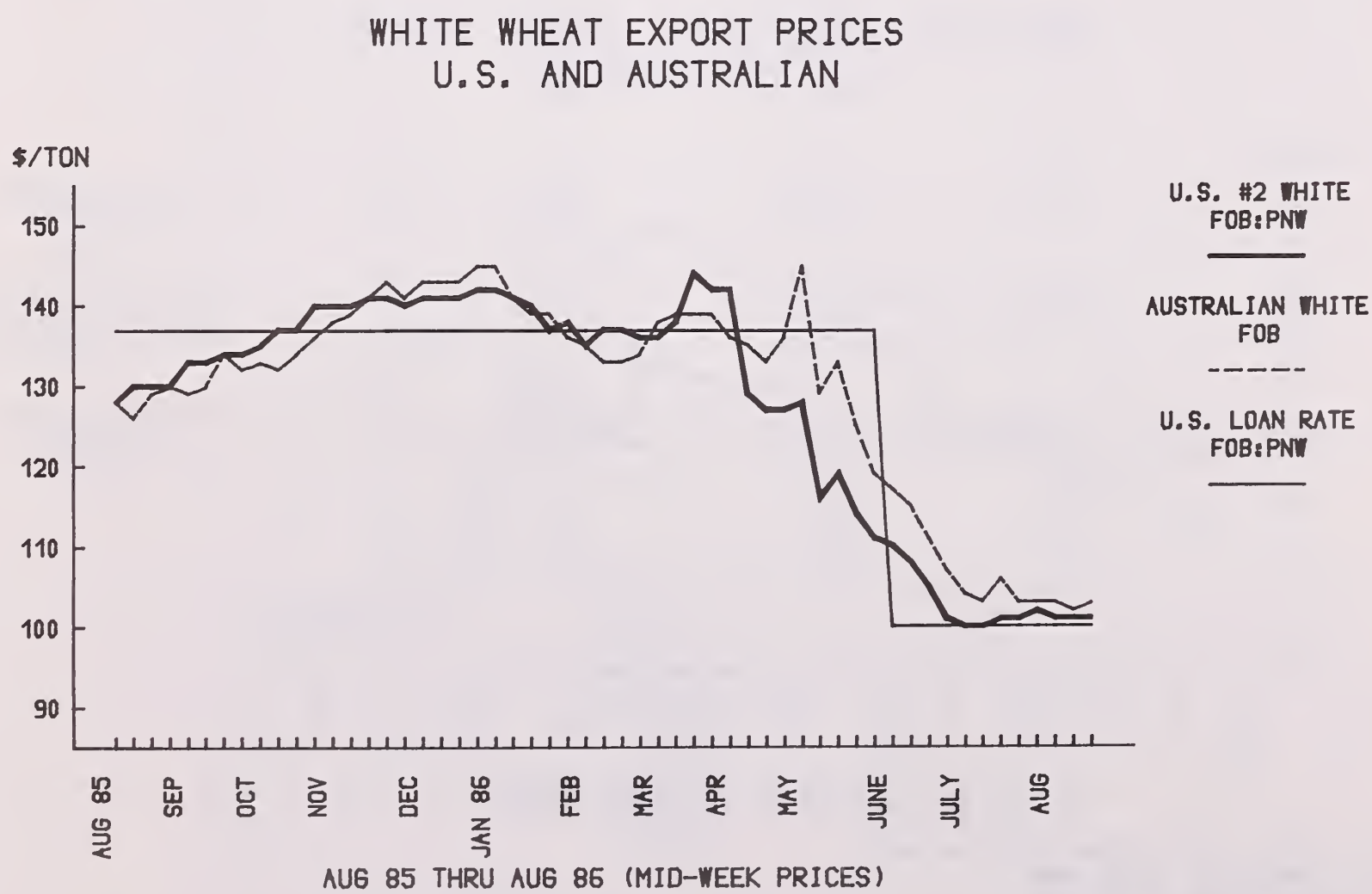
*FOB GULF DURING WINTER MONTHS (DEC THRU MAR)
**FOB ST. LAWRENCE AS OF FEB 1986
FOB THUNDER BAY PRIOR TO FEB 1986

**Venezuela: Due to a tightening of foreign exchange availabilities and pressure to increase use of domestic grains, Venezuela has reduced its CY 1986 wheat import quotas to 960,000 tons, 13 percent below last year's level. Since the U.S is a major supplier of wheat to Venezuela, any change in import levels could diminish U.S. sales to that country. Under normal conditions, Venezuela's heightened price consciousness, and the increased price competitiveness of U.S. wheat, would allow the United States to recapture some of the market share it has lost in that country. Venezuela may, however, be considering trade policy measures that would favor, or limit imports to, wheat of Argentine origin.

Venezuelian Wheat Supply and Demand
(July/June - 1,000 MT)

Year	Consumption	Total Imports	Imports from U.S.	Percent
1981/82	831	830	815	98
1982/83	827	826	813	98
1983/84	926	925	824	89
1984/85	1,029	1,028	728	71
1985/86	1,000	1,000	700	70

Source: USDA



PL-480

FY 1986 PUBLIC LAW TITLE I/III
COUNTRY AND COMMODITY ALLOCATIONS
August 21, 1986

Countries with $790 or Less Per Capita GNP	TOTAL ($Millions)	----- (1,000 Tons Grain Equivalent) ---- WHEAT/FLOUR	RICE	FEEDGRAINS
Bangladesh ..	$70.0	308.0	35.0	--
Bolivia	$20.0	180.0	--	--
Egypt	$213.0	1,557.0 1/	--	--
El Salvador .	$44.0	148.0	--	--
Ghana	$6.0	--	5.0	--
Guinea	$6.0	--	20.0	--
Guyana	$3.0	25.0	--	--
Haiti	$15.0	78.0	--	--
Honduras	$15.0	86.0	--	--
Indonesia ...	$30.0	250.0	--	--
Kenya	$10.0	55.0	11.0	--
Liberia	$11.0	--	48.0	--
Madagascar ..	$8.0	--	14.0	--
Morocco	$40.0	356.0	--	--
Mozambique ..	$10.4 2/	34.0	10.0	29.0
Pakistan	$50.0	--	--	--
Philippines .	$35.0	267.0	--	--
Senegal	$9.5	--	42.0	--
Sierra Leone	$8.0	18.0	29.0	--
Somalia	$16.5 3/	29.0 1/	20.0	--
Sri Lanka ...	$26.0	193.0	--	--
Sudan	$45.0 4/	327.0 1/	--	--
Yemen	$10.0	44.0	13.0	--
Zaire	$20.0	100.0	--	--
Zambia	$10.0	37.0	--	--
SUBTOTAL ..	$731.4	4,092.0	247.0	29.0
Countries over $790 Per Capita GNP				
Costa Rica ..	$18.7	120.0	--	--
Dominican Rep	$30.0	90.0	48.0	--
Ecuador	$5.0	48.0	--	--
Guatemala ...	$19.0	92.0	--	--
Jamaica	$35.0	93.0	28.0	104.0
Peru	$20.0	120.0	35.0	--
Tunisia	$5.5	--	--	56.0
SUBTOTAL ..	$133.2	563.0	111.0	160.0
Total Allocated ...	$864.6	4,655.0	358.0	189.0
Unallocated Reserve	$15.1	--	--	--
Total Program	$879.7	--	--	--

1/ All or some portion in wheat equivalent of flour.
2/ Also, $3.5 million has been designated for ocean freight financing.
3/ Also, $4.1 million has been designated for ocean freight financing.
4/ Also, $9.0 million has been designated for ocean freight financing.

CCC Credit
==========

U.S. WHEAT/FLOUR TRADE WITH SELECTED COUNTRIES
UNDER CCC GUARANTEE PROGRAMS 1/

	FY 1985		FY 1986		
	Guarantees Approved -$ Millions-	Est. Quantity Shipped --1,000 Tons--	Programs Announced -----$ Millions-----	Programs Approved	Estimated Quantity Purchased 2/ ----1,000 Tons----
Algeria	--	--	$70.1	$34.2	244.3
Bangladesh ..	$42.1	280.7	--	--	--
Brazil	$272.5	1,816.7	$150.0	$19.2	137.1
Chile	$59.5	396.7	$42.0	$2.1	2.4
Colombia	$79.0	526.7	$96.0	$16.2	115.7
Ecuador	$32.6	217.3	$55.0	$39.7	283.6
Egypt	$77.6	464.0	$145.0 4/	$118.7	743.5
Guatemala ...	$16.1	107.3	$3.5	$3.5	25.0
Haiti	$7.5	50.0	$7.5	$5.0	35.7
Iraq	$88.5	590.0	$130.0 4/	$106.5	738.7
Jamaica	$4.2	28.0	$7.5 4/	$1.1	7.9
Jordan	$19.9	132.7	$54.0	$12.4	88.6
Korea	$108.9	726.0	$155.0	$135.9	970.7
Morocco	--	--	$150.0	$101.2	722.9
Pakistan	$40.1	267.3	$45.0	--	--
Philippines .	$43.2	288.0	--	--	--
Portugal	$97.0	646.7 3/	$73.0	$31.1	222.1
Tunisia	--	--	$41.0	--	--
Turkey	$10.1	67.3	$120.0	$59.2	422.9
Yemen	-- 5/	--	$40.0 4/	$6.6	47.1
TOTAL.....	$998.8	6,605.4	$1,314.5	$658.4	4,564.0

1/ Includes GSM-102 as of August 1, 1986.
2/ Estimated quantity purchased with Approved Funds based on $140 per ton for wheat and $190 per ton for wheat flour.
3/ Wheat or feed grains.
4/ Wheat and wheat flour.
5/ $20 million allocated.

U.S. WHEAT EXPORT COMMITMENTS by CLASS to MAJOR DESTINATIONS
TOTAL EXPORTS for 1984/85 - 1985/86; COMMITMENTS to DATE for 1986/87 with COMPARISON to 1985/86
(JUNE/MAY--1,000 TONS)

Destination	Marketing Year	Hard Red Winter	Hard Red Spring	Soft Red Winter	All White	Durum	Total
EC-12	1984/85	340	713	222	--	191	1,466
	1985/86	337	620	162	--	193	1,312
	1985/86*	194	105	170	--	81	550
	1986/87**	--	154	111	--	85	350
Other W. Europe	1984/85	168	69	420	--	35	692
	1985/86	496	108	--	6	11	621
	1985/86*	26	23	--	--	--	49
	1986/87**	105	27	--	--	3	135
USSR	1984/85	6,339	--	--	--	--	6,339
	1985/86	153	--	--	--	--	153
	1985/86*	--	--	--	--	--	0
	1986/87**	--	--	--	--	--	0
China	1984/85	105	--	2,630	--	--	2,735
	1985/86	--	--	581	--	--	581
	1985/86*	--	--	549	--	--	549
	1986/87**	--	--	--	--	--	0
Japan	1984/85	1,277	1,034	--	986	10	3,307
	1985/86	1,294	948	--	937	57	3,236
	1985/86*	503	403	--	404	16	1,326
	1986/87**	465	460	--	427	42	1,394
Taiwan	1984/85	299	211	--	145	--	655
	1985/86	284	225	--	147	--	656
	1985/86*	170	128	--	102	--	400
	1986/87**	195	157	--	102	--	454
Rep. of Korea	1984/85	657	225	--	1,094	--	1,976
	1985/86	594	246	3	1,113	--	1,956
	1985/86*	185	76	3	329	--	593
	1986/87**	194	100	--	395	--	689
Other Asia, Middle East, and Oceania	1984/85	1,998	963	178	1,502	--	4,641
	1985/86	1,783	757	143	1,185	--	3,868
	1985/86*	607	297	16	340	--	1,260
	1986/87**	680	600	333	588	--	2,201
Egypt	1984/85	--	--	429	1,205	--	1,634
	1985/86	--	--	1,361	130	--	1,491
	1985/86*	--	--	210	--	--	210
	1986/87**	--	--	1,182	5	--	1,187
Nigeria	1984/85	1,324	198	111	--	--	1,633
	1985/86	853	21	83	--	--	957
	1985/86*	519	--	70	--	--	589
	1986/87**	244	77	6	--	--	327
Other Africa	1984/85	421	39	2,012	42	802	3,316
	1985/86	1,507	78	816	--	762	3,163
	1985/86*	280	--	324	--	129	733
	1986/87**	879	99	549	--	620	2,147
Brazil	1984/85	3,075	--	67	--	--	3,142
	1985/86	722	--	--	--	--	722
	1985/86*	689	--	--	--	--	689
	1986/87**	237	--	--	--	--	237
Other W. Hemis.	1984/85	1,951	1,261	432	159	282	4,085
	1985/86	1,493	1,182	586	2	231	3,494
	1985/86*	1,074	590	334	4	124	2,126
	1986/87**	1,200	735	403	44	172	2,554
Total 1/	1984/85	17,952	4,713	6,500	5,149	1,420	35,734
	1985/86	9,514	4,203	3,735	3,521	1,341	22,314
	1985/86*	4,323	1,685	1,760	1,160	417	9,345
	1986/87**	4,380	2,565	2,264	1,533	1,184	11,926
MY Projection 2/		17,146	4,627	3,538	4,355	1,633	31,299

1/ Discrepancies due to rounding and sales to unknown destination.
2/ Projections for 1986/87, including flour and products.
* Sales plus accumulated exports as of August 22, 1985, excluding sales for next marketing year.
** Sales plus accumulated exports as of August 21, 1986, excluding sales for next marketing year.

SOURCE: U.S. Export Sales.

CORN AND SORGHUM

LATEST U.S. EXPORT FORECAST, SHIPMENTS, AND SALES

Export Forecast: The 1986/87 (September/August) U.S. corn and sorghum export forecasts as of August 12, remained unchanged from last month at 39.4 million and 6.1 million tons, respectively. The corn and sorghum export estimates for 1985/86 also remained unchanged at 31.1 million tons and 4.4 million tons, respectively.

Shipments and Sales: Corn shipments for the 5-week period ending August 21 were 20 percent below the total for the previous 5-week period (June 13 through July 17). Corn sales for the period were 2.7 million tons, bringing total yearly sales to 37.2 million tons, about 25 percent behind last year's pace. Total sorghum shipments for the year through August 21, were almost 30 percent behind last year's pace for the same period.

U.S. CORN and SORGHUM SHIPMENTS, SALES, and INSPECTIONS
(SEPTEMBER/AUGUST--MILLION TONS)

------ Monthly SHIPMENTS ------

For Period Ending	CORN 84/85	CORN 85/86	SORGHUM 84/85	SORGHUM 85/86
May 22	4.2	1.3	0.4	0.3
June 19	2.3	1.3	0.3	0.2
July 17	2.3	1.3	0.2	0.4
Aug 21	2.7	1.2	0.7	0.5
Cumulative for MY.	43.5	31.0	6.2	4.5

------ Monthly SALES 1/ ------

For Period Ending	CORN 84/85	CORN 85/86	SORGHUM 84/85	SORGHUM 85/86
May 22	2.5	2.1	0.2	0.4
June 19	2.6	1.3	0.7	0.4
July 17	2.5	1.4	0.6	0.3
Aug 21	3.8	2.7	0.5	0.5
Cumulative for MY.	50.2	37.2	7.7	5.0

Weekly and Annual INSPECTION Rates

	CORN MT	CORN BU	SORGHUM MT	SORGHUM BU
Week Ending August 14	0.3	13.3	.0	0.1
Week Ending August 21.....	0.3	11.5	0.1	3.0
Cumulative Since Begin MY ...				
Official Estimate for 1985/86 (Grain only)	31.1	1225	4.4	175
Implied Weekly Average	0.6	23.6	0.1	3.4
Weekly Average for Latest Six Weeks	0.3	10.4	0.1	3.9
Marketing Year-to-Date Weekly Average	0.6	22.7	0.1	3.0
MY Year-to-Date Average Extrapolated Annually	29.9	1179	3.9	155
Weekly Average Required during Remainder of MY to Achieve Official Estimate ...	0.4	16.0	0.6	23.9
Weeks Remaining 1				

1/ Sales made since the beginning of the applicable marketing year, including sales for shipment in the next marketing year.

SOURCE: Shipments and sales data from U.S. Export Sales. Inspections data from the Federal Grain Inspection Service.

IMPORTER BUYING ACTIVITY

Reported importer buying activity increased somewhat from last month, but overall remained generally slow. Sales to South Korea and Portugal highlighted the month's buying activity for U.S. exporters.

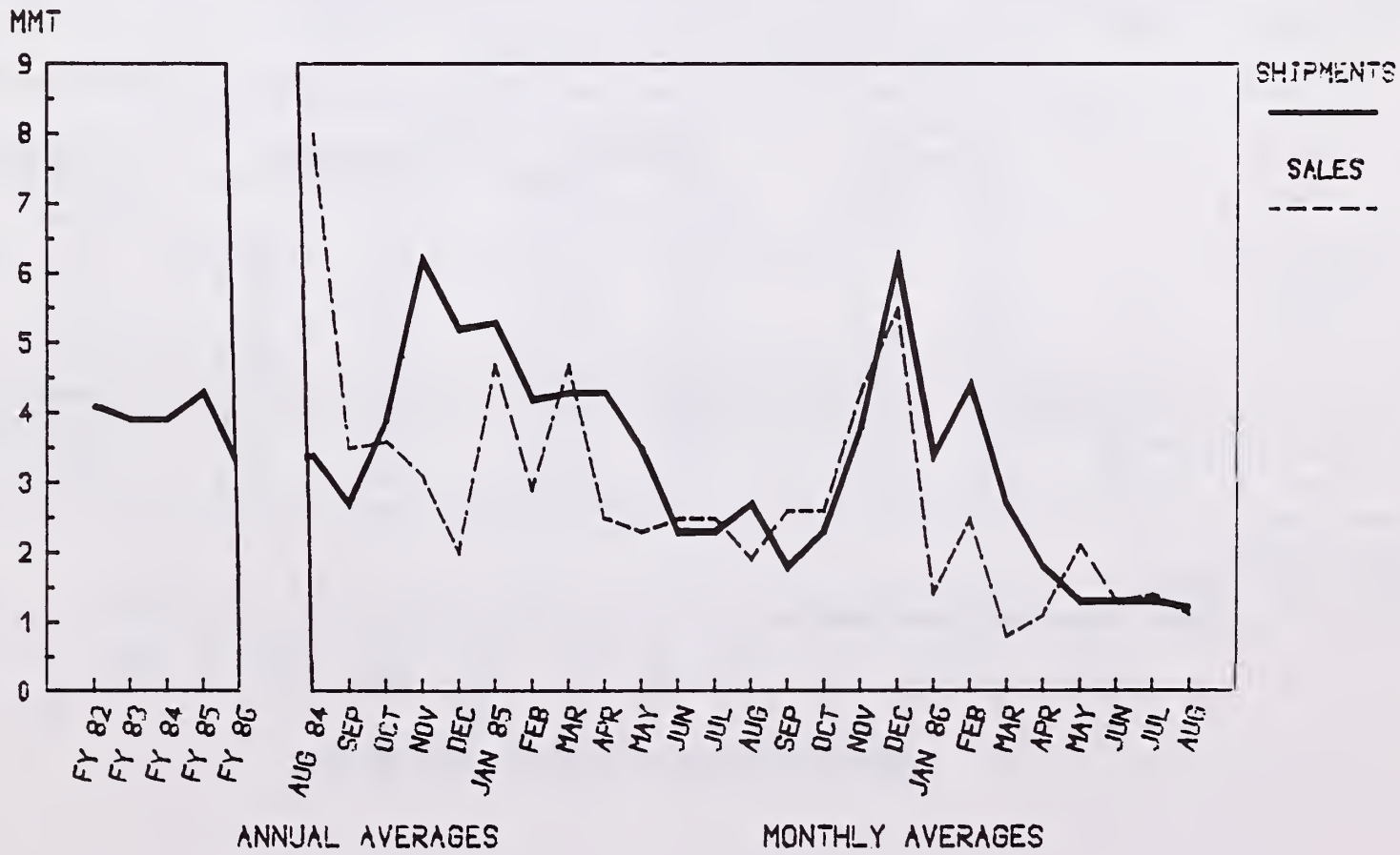
RECENT CORN and SORGHUM IMPORTER BUYING ACTIVITY
REPORTED between JULY 19, 1986 and AUGUST 22, 1986 1/

Date of Purchase	Buyer	Origin	Quantity (tons)	Grade 2/	Price Range 3/ ($US per ton)	Delivery Period 4/
7/24	Egypt	U.S./Arg.	460,000	# 2 YC	?	August
7/25	Tunisia	U.S.	40,000	Corn	?	August
	Portugal	U.S.	80,000	Corn	79.50	September
	Mexico	U.S.	40,000	# 2 YC	83.00	Aug/Sept
8/1	S. Korea	U.S.	50,000	Corn	74.29	Aug/Sept
8/8	S. Korea	U.S.	55,000	Corn	84.07 C&F	Aug 10/30
	Portugal	U.S.	35,000	Corn	74.90	September
8/11	S. Korea	Thailand	75,000	Corn	Barter	?
8/12	Taiwan	Taiwan	27,000	# 2 YC	90.15	Aug/Sept/Oct
8/14	S. Korea	U.S.	50,000	Corn	86.34 C&F	Sept 10
8/19	Taiwan	U.S.	56,000	Corn	80.88	LH Sept/FH Oct

1/ Does not include PL-480 sales.
2/ YC=#3 Yellow Corn unless otherwise stated, and YS=Yellow Sorghum
3/ FOB unless otherwise noted.
4/ FH denotes first half; LH, last half.

SOURCE: Unofficial market news reports.

U.S. CORN SHIPMENTS AND SALES
ANNUAL MONTHLY AVERAGES FOR FY 1982 - 1986(PROJ)
AND MONTHLY FROM AUGUST 1984 - AUGUST 1986



U.S. MARKET OPPORTUNITIES

**Korea: U.S. feed grain exports to Korea in 1986/87 (October/September) could rise as a result of an increase in Korean import quotas for CY 1986. Last May, in an effort to encourage increased use of local grains and thereby stimulate domestic production, the Korean government lowered CY 1986 import quotas from initial levels. However, tight domestic supplies have apparently caused a reversal of that decision. Importers will be allowed to buy up to 3.9 million tons of feed grains in CY 1986, an increase of 127,000 tons over the original quota. Future adjustments are expected, since quotas are still estimated to fall about 600,000 tons short of anticipated demand. Korea is currently forecast to import 4.4 million tons of coarse grains in 1986/87, with the United States supplying the bulk of these imports.

DEVELOPMENTS AFFECTING U.S. EXPORTS

Other Exporting Countries' Selling Activities and Competitive Practices

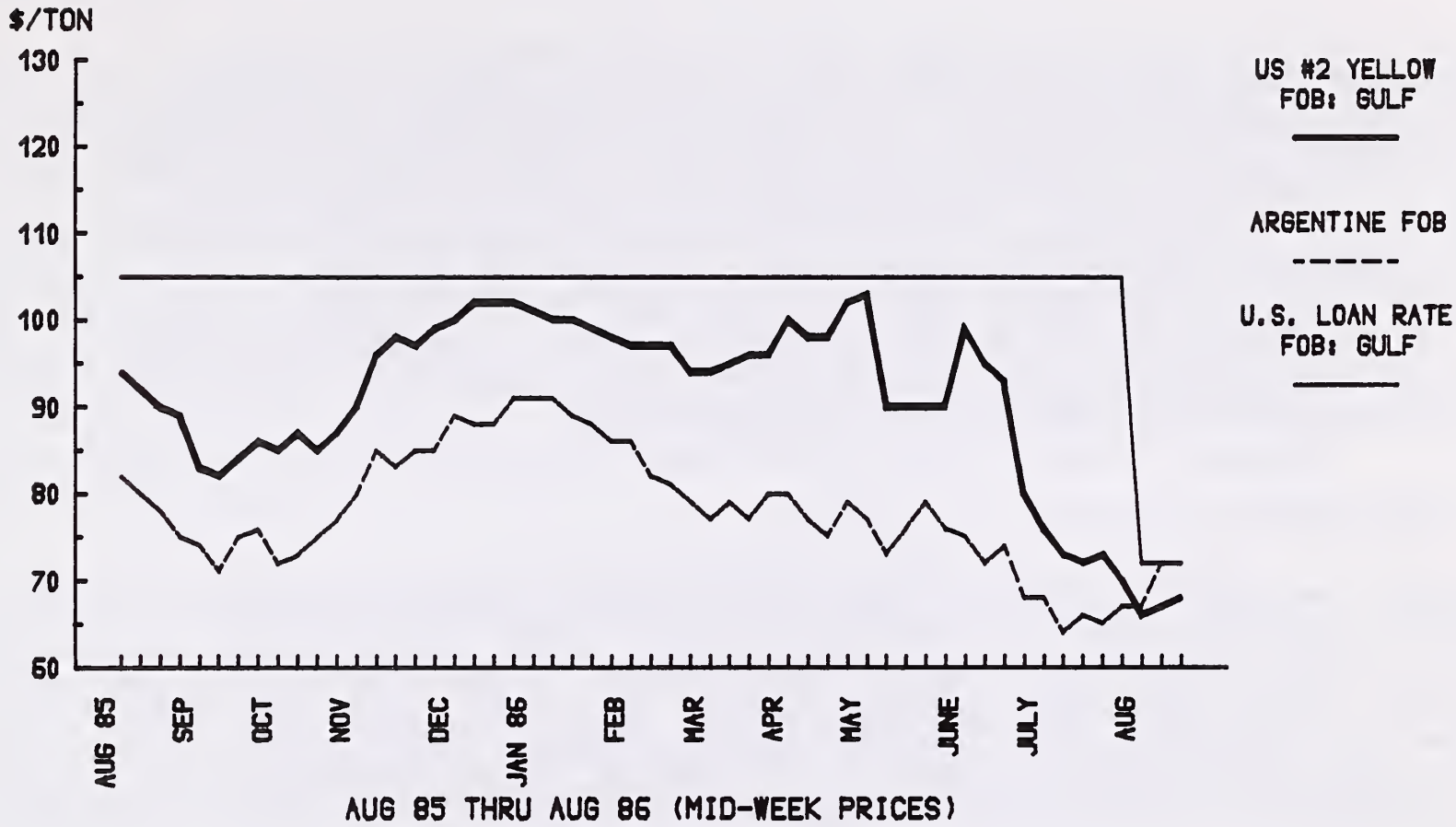
**Summary: Major competitor shipments of corn and sorghum during the 5-week period ending August 21, totaled 1.5 million tons, which brought cumulative shipments to 12.4 million tons, 5 percent below last year's total for the same period. The decline is due to lower Argentine sorghum exports, as a result of a poor harvest last spring.

CORN and SORGHUM SHIPMENTS by MAJOR EXPORTING COUNTRIES
RECENT MONTHS and SEASON TOTALS for 1984/85-1985/86
(OCTOBER/SEPTEMBER--MILLION TONS)

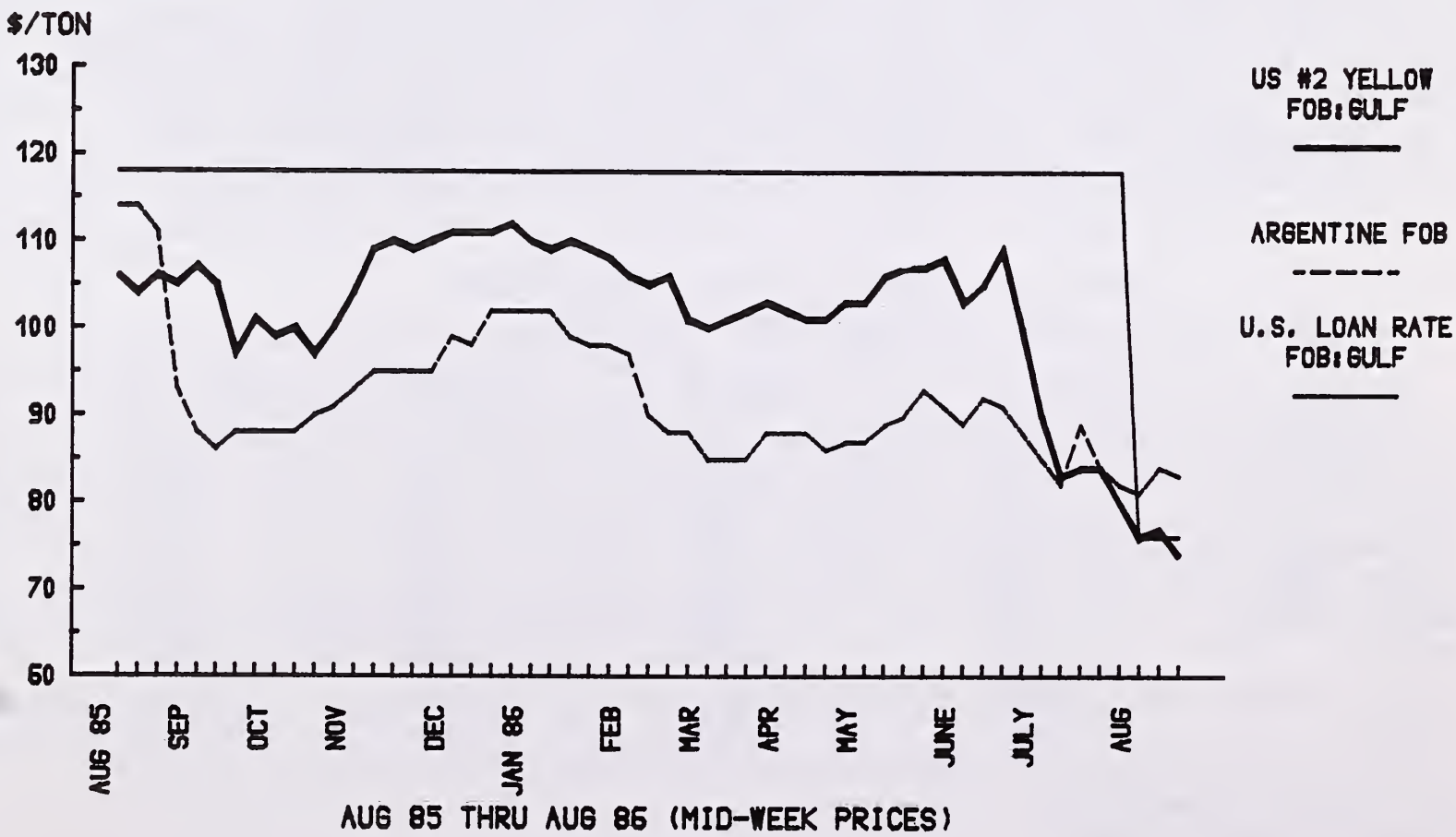
	- SORGHUM -		CORN					
	ARGENTINA		ARGENTINA		THAILAND		--- TOTAL ---	
For Period Ending 1/	84/85	85/86	84/85	85/86	84/85	85/86	84/85	85/86
May 22	0.8	0.2	1.7	1.4	0.1	0.2	2.6	1.8
June 19	0.6	0.4	1.1	1.2	#	0.2	1.7	1.8
July 17	0.5	0.2	0.9	1.1	0.1	0.2	1.5	1.5
August 21	0.3	0.3	0.6	1.0	0.2	0.2	1.1	1.5
Cumulative Since October 1	3.3	2.0	6.9	7.4	2.8	3.0	13.0	12.4
Total for Season 2/	3.4	2.2	7.1	9.5	3.0	3.5	13.5	15.2

1/ Or nearest date.
2/ Forecast for 1985/86.
- Less than 0.1, N/A - Data not available.

SORGHUM EXPORT PRICES
U.S. AND ARGENTINE



CORN EXPORT PRICES
U.S. AND ARGENTINE



Internal Price Policies of Foreign Countries

**China: All grain export activity, including final approval of export prices, have been centralized under the recently established Corn Exports Coordination Association (CECA). In general, the export price for Chinese corn is based on the Chicago spot price for number 3 yellow corn plus an FOB premium. In addition, a number of miscellaneous charges are added to the final cost of Chinese corn. Some of these charges are borne by the shipper, while others, such as overtime payment for loading and the new port improvement tax on all exports, are passed on directly to the buyer. Also, the cost associated with short weight (normally about 1 or 2 percent of the total quantity purchased) are borne by the importer. The Chinese rarely pay compensation for short weight except in extreme cases.

OTHER DEVELOPMENTS AFFECTING U.S. EXPORTS

**Mexico: Mexico is expected to import only 2.7 million tons of corn in 1986/87 (October/September), a reduction of 800,000 tons from previous estimates, due mainly to a lack of foreign exchange and expectations of continued low foreign revenue earnings from the sale of oil. Any decline in Mexican corn import demand will affect the United States, which supplies virtually all of Mexico's corn imports. In 1985/86 (October/September), Mexico imported 2.3 million tons of which all but 200,000 MT was of U.S. origin.

**Thailand: Thai exportable corn supplies in 1986/87 (October/September) are expected to be lower than previously anticipated due to a decline in production. This would be the first decrease in Thai corn exports in several years and could lead to greater U.S. market opportunities in Asia, particularly in Japan and Korea where imports of Thai corn have been growing. The smaller crop results from reduced area as farmers shift to other crops due to lower world prices, and a drought which may have destroyed as much as one half of the planted crop. Thai production in 1986 is now expected to total 4.2 million tons, 20 percent below last year's record crop of 5.2 million tons.

Thai Corn Exports by Major Destination
(October/September - 1,000 MT)

Country	1982/83	1983/84	1984/85	1985/86 1/
S. Korea	10	167	175	865
Malaysia	515	644	761	660
Singapore	357	466	386	265
China (PRC)	124	111	98	240
Saudi Arabia	308	465	241	186
Other	822	1,173	1,349	804
Total	2,136	3,026	3,010	3,020

1/ Exports through May.
Source: Exporter Data

Special Report: China's Grain Export Situation

China, previously a net corn importer, has become a major corn supplier in the past few years with expected exports of about 5.5 million tons in 1985/86. China's emergence as a major exporter is largely attributable to a substantial increase in corn production in the northern provinces, the need to generate foreign exchange, and inadequate transportation links to large southern domestic markets and, hence, the need for alternative market outlets. China mainly exports to the Soviet Union and Japan. Barring a sharp downturn in domestic output China can be expected to continue shipping corn. However, China's obsolete transportation system and poor port facilities could limit future expansion of corn trade. In addition, quality problems with Chinese corn and China's increasing need for feed grains could eventually diminish Chinese corn exports.

Chinese corn exports are controlled by the newly formed China Exports Coordination Association (CECA), which is comprised of two state trading corporations, Ceroilfood and Tuhsu. Ceroilfood sells only graded corn (corn meeting market specifications) to China's major markets, while Tuhsu sells ungraded corn, plus, on a limited basis, small quantities of graded corn to other markets. In addition, Chinese provinces bordering other countries can conduct barter trade with those countries, apparently under only limited CECA supervision.

China has clearly targeted the Soviet Union and Japan as primary markets for its surplus corn. Corn shipments to the Soviet Union, which are made under bilateral trade agreements, are expected to total 1-2 million tons in 1985/86 (October/September), while sales to Japan could reach about 2.7 million tons. According to Japanese trade sources, Japan's annual purchases of Chinese corn will peak at about 3 million tons. Corn sales to the Soviet Union and any provincial barter trade are valued in Swiss francs; sales to Japan in U.S. dollars. Thus, the erosion of the dollar against the yen would not have any impact on the competitiveness of Chinese corn in Japanese markets vis-a-vis U.S. corn, except when considering transportation costs which are paid in yen for grain shipped from China and in dollars for grain purchased from the United States.

A lack of specialized grain loading facilities, and more importantly, adequate road and rail transportation continues to limit Chinese corn exports. According to Ceriolfood officials, China can currently ship about 5 million tons of corn during a 12- month period. A recent agreement between a Japanese transportation company and China allowing the company to ship bulk cargoes on Chinese rivers could lead to increased grain exports from China's northern corn producing areas. However, it will be at least 2 years before any major improvements to transportation and port facilities could be made that would allow increased shipments of Chinese corn

(Chinese reports in this month's circular are based on recent field travel by FAS analysts).

EXPORT PROMOTION ACTIVITIES

** A $2.1 million project to expand U.S. exports of feed grain and feed-grain products has been approved under the Targeted Export Assistance (TEA) program. Under the project, the U.S. Feed Grains Council will supply industrial-sized samples of feed grain and products to specific markets which are subject to unfair competitor practices or restrict access of U.S. commodities. The samples will be used to familiarize users with U.S. products and stimulate demand. In addition, technical support to properly process and analyze the samples will also be supplied to each country.

The TEA program, mandated by the 1985 farm bill, makes funds available to help increase U.S. agricultural exports facing unfair competition overseas. As defined by the Act, unfair competition may include import restrictions such as quotas and tariffs, and unfair competitor practices such as export subsidies.

U.S. CORN and SORGHUM EXPORT COMMITMENTS to MAJOR DESTINATIONS
(OCTOBER/SEPTEMBER -- 1,000 TONS) 1/

Destination:	1982/83 Total Exports	1983/84 Total Exports	1984/85 Total Exports	1984/85 Committed as of 8/22/85	1985/86 Committed as of 8/21/86
-- CORN --					
EC-12	8,446	7,989	5,959	5,894	3,093
Other W. Europe	302	181	84	177	23
Eastern Europe	1,333	704	606	616	1,031
USSR	3,100	6,283	14,400	15,750	6,808
China	2,161	30	0	0	0
Japan	13,180	13,781	11,175	11,610	9,514
Taiwan	3,000	2,694	3,079	3,275	2,708
Rep. of Korea .	3,908	2,972	1,454	1,492	1,241
Egypt	1,516	1,303	1,399	1,589	1,495
Canada	333	259	401	273	26
Mexico	4,091	2,808	1,420	1,264	1,476
Venezuela	892	1,140	653	638	0
Others	5,220	7,133	6,045	4,460	4,087
TOTAL	47,482	47,277	46,675	47,038	31,501
-- SORGHUM --					
Spain	104	465	45	45	14
Other W. Europe	258	135	111	101	24
Japan	741	1,505	2,340	2,737	2,365
Israel	341	574	503	556	537
Mexico	3,260	2,758	2,156	1,977	291
Venezuela	243	206	1,033	1,082	821
Others	456	583	1,361	595	305
TOTAL	5,403	6,226	7,549	7,093	4,357

1/ Sales plus accumulated exports, excluding sales for next marketing year.

SOURCE: U.S. Bureau of Census and U.S. Export Sales.

BARLEY, OATS AND RYE

Export Forecast: The 1986/87 (June/May) U.S. barley export forecast as of August 12, increased almost 220,000 tons to 1.2 million, due entirely to the success of recent EEP initiatives.

Shipments and Sales: U.S. barley shipments in 1986/87 (June/May) as of August 14, totaled almost 85,000 tons, well below last year's figure at this time. However, barley sales during 1986/87 have reached 585,000 tons, 175 percent above sales for the same period last year. This substantial increase in sales in due mostly to purchases made under the EEP. Total barley sales would be more than 70 percent behind last year's pace without the EEP.

U.S. EXPORTS
(June/May - 1,000 MT)

Grain	1984/85	1985/86 1/	1986/87 2/
Barley	1,676	479	1,197
Oats	15	30	30
Rye	10	5	15

1/ Estimated. 2/Projected.

U.S. BARLEY EXPORT COMMITMENTS to MAJOR DESTINATIONS
(JUNE/MAY -- 1,000 TONS) 1/

Destination	1983/84 Total Exports	1984/85 Total Exports	1985/86 Total Exports	1985/86 Committed as of 8/22/85	1986/87 Committed as of 8/21/86
EC-12	375	86	--	--	--
Other W. Europe	88	43	--	1	--
Eastern Europe.	112	--	60	31	--
Taiwan	223	208	74	50	25
Japan	344	272	141	99	34
Others	792	951	106	33	776
TOTAL.....	1,934	1,560	381	214	835

1/ Sales plus accumulated exports, excluding sales for next marketing year.

SOURCE: U.S. Bureau of Census and U.S. Export Sales.

U.S. MARKET OPPORTUNITIES

**Saudi Arabia: During the past month, Saudi Arabia has purchased more than 550,000 tons of U.S. barley under the EEP, the first major U.S. sales to the world's largest barley market. In recent years, Saudi Arabia has only imported an average of 30,000 tons from the United States out of an annual import total of 5.5 million tons. Prior to the EEP, Australia and the EC were the major barley suppliers to Saudi Arabia. Saudi Arabia presently takes nearly one-third of the world's barley exports, but possible changes in Saudi grain policy could lead to introduction of barley production subsidies and lower import subsidies, which could then decrease Saudi reliance on imported barley.

DEVELOPMENTS AFFECTING U.S. EXPORTS

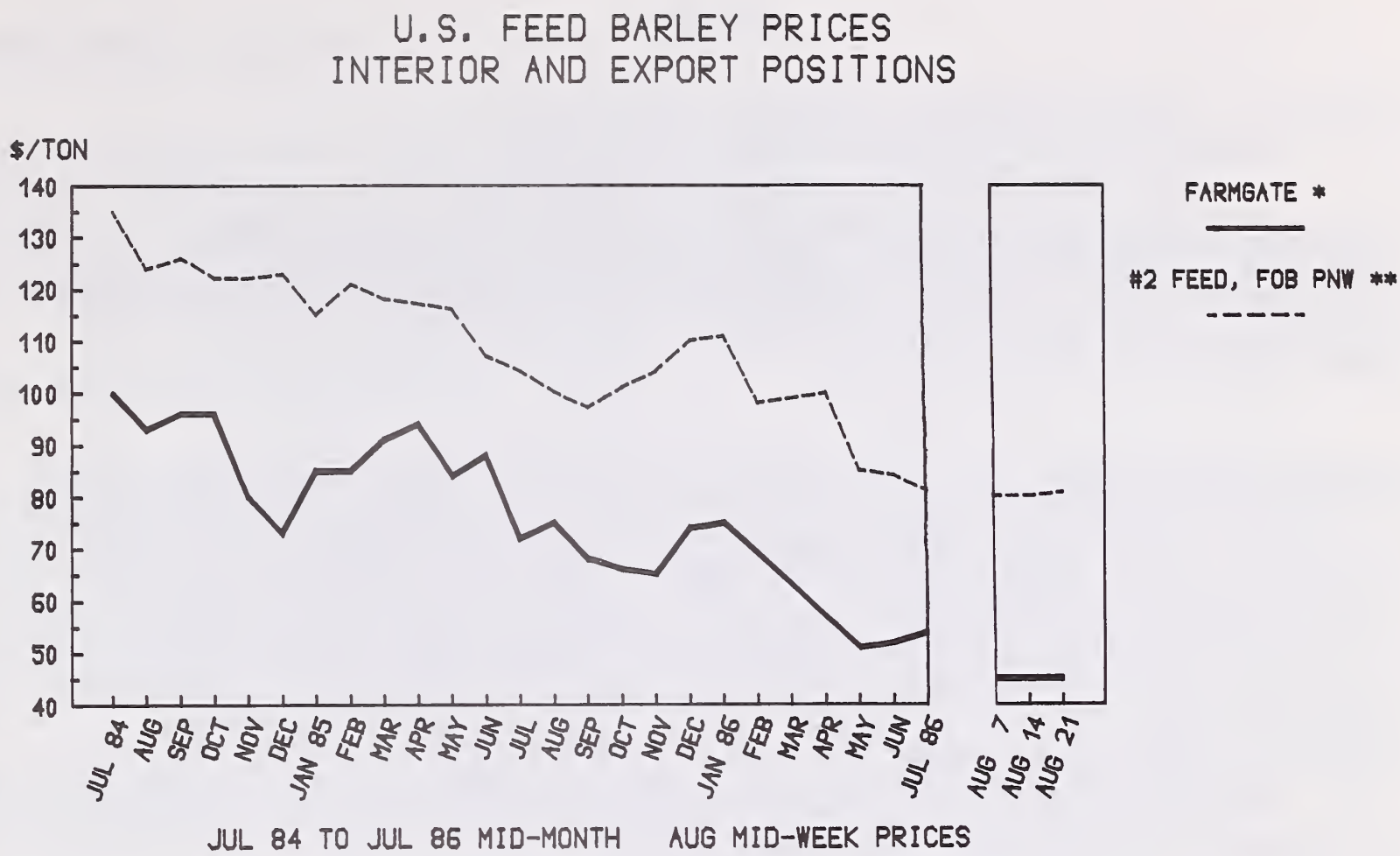
Other Countries' Selling Activities and Competitive Practices

**Canada: Canada recently sold 1 million tons of barley to the Soviet Union at around $60 FOB per ton, about $15 less than current U.S. corn prices, whereas virtually no U.S. corn has been sold to the Soviet Union in the last several months. Soviet purchases of Canadian barley in 1985/86 now total almost 1.4 million tons, well above last year's figure, but in line with Canada's average yearly barley sales to the USSR for the last 5 years. Canada is expected to have a large barley crop this fall and thus, large exportable supplies, which will compete against this year's expected bumper U.S. corn crop.

BARLEY SHIPMENTS by MAJOR EXPORTING COUNTRIES
RECENT MONTHS and SEASON TOTALS for 1984/85-1985/86
(OCTOBER/SEPTEMBER--MILLION TONS)

For Period Ending 1/	- AUSTRALIA -		--- CANADA --		- FRANCE 2/ -		-- U.K. 2/ --		-- TOTAL --	
	84/85	85/86	84/85	85/86	84/85	85/86	84/85	85/86	84/85	85/86
May 22	0.3	0.2	0.1	0.5	0.3	0.3	0.3	0.1	1.0	1.1
June 19	0.4	0.1	0.1	0.5	0.3	0.2	0.2	0.3	1.0	1.1
July 17	0.4	0.1	0.1	0.4	0.1	0.2	0.1	0.2	0.7	0.9
August 21	0.4	NA	0.2	0.4	0.1	NA	0.1	NA	0.8	NA
Cumulative Since October 1	4.6	3.5	2.3	3.5	2.1	2.1	2.2	1.9	11.2	11.0
Total for Season 3/	4.7	3.8	2.5	3.8	2.1	2.5	2.3	2.5	11.6	12.6

1/ Or nearest date.
2/ Excludes intra-EC trade.
3/ Forecast for 1985/86.
N/A - Data not available.



*NO QUOTE FOR FEBRUARY THRU APRIL
**NO QUOTE FOR MARCH

SUPPORTING DATA FOR COVER

U.S. AND COMPETITOR RICE TRADE INDICATORS

	AVERAGE MONTHLY PRICES		EXPORTS	
	UNITED STATES 1/	THAILAND 2/	UNITED STATES	PRINCIPAL COMPETITORS 3/
	$/MT		TMT	
JAN 85	382	197	122.8	424.5
FEB	380	197	134.0	436.6
MAR	377	195	187.1	547.8
APR	376	199	148.1	468.5
MAY	379	214	161.5	552.3
JUN	385	195	135.9	341.1
JUL	389	183	162.0	412.7
AUG	380	189	174.1	486.8
SEP	378	198	215.6	420.2
OCT	369	215	192.7	467.5
NOV	369	199	138.9	439.8
DEC	372	200	133.2	409.2
JAN 86	372	192	128.5	390.0
FEB	372	188	82.3	534.6
MAR	361	186	110.9	892.0
APR	330	176	94.2	696.8
MAY	263	178	100.0	565.2
JUN	208	180	206.1	580.5
JUL	217	182	307.5	490.5

1/ #2 long grain, 4 percent broken, FOB Gulf.
2/ 100 percent grade B, FOB Thailand.
3/ Burma, Pakistan, Thailand. July estimated.
NOTE: Prices are not adjusted for quality differences, and thus are not precisely comparable. Exports on milled basis.

RICE

LATEST U.S. EXPORT FORECAST, SHIPMENTS, AND SALES 1/

Export Forecast: The estimate for the 1985/86 marketing year remains unchanged at 1.8 million metric tons. The forecast for the new marketing year which began August 1 is also unchanged at 2.6 million tons, still reflecting the sharp upward trend in U.S. rice sales. The calendar year forecast for 1987 remains at 2.6 million tons.

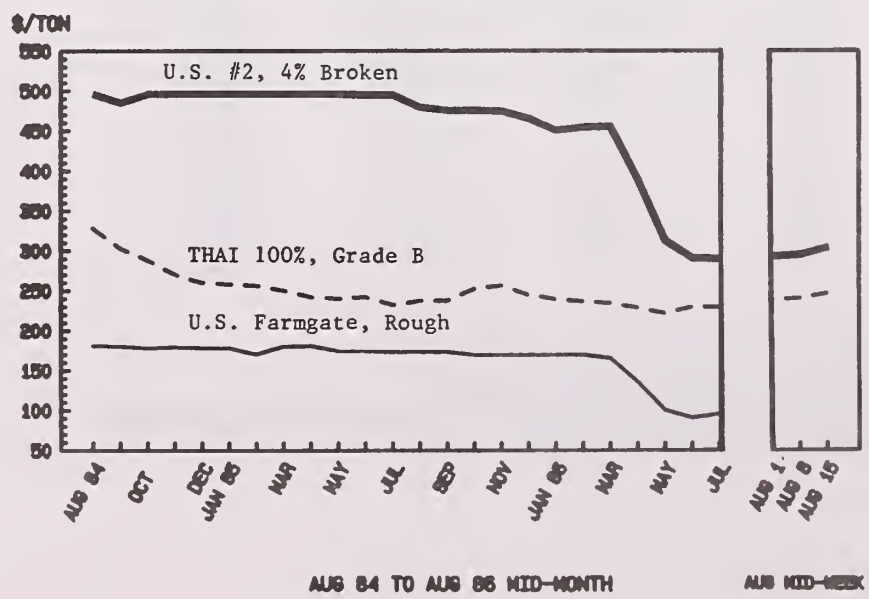
Shipments and Sales: U.S. rice exports during the 4-week period ending August 21 totaled 323,100 tons, up substantially from the previously reported 4-week volume of 231,300 tons. Major destinations included Brazil (263,000 tons), the Netherlands, Saudi Arabia, and Morocco. Cumulative shipments for the 1986/87 marketing year through August 21 now total 218,800 tons, compared with 70,100 tons for the same period a year ago. In the 4-week period ending August 21, reported new sales totaled 225,400 tons, down from the previously reported 4-week total of 311,900 tons as reporting of sales to Brazil declined. Export commitments for the new marketing year now total 891,900 tons, compared to 602,500 for the same period last year.

1/ Shipments and sales are on a product basis.

Weekly U.S. Rice Exports
(Metric tons)

Week Ending	Actual Exports	4 Week Moving Average
Jul 24	77,900	57,450
Jul 31	104,400	70,350
Aug 7	65,300	75,500
Aug 14	49,000	74,150
Aug 21	104,400	80,775

RICE PRICES
US AND THAI (C&F ROTTERDAM) AND US FARM



IMPORTER BUYING ACTIVITY

Buying was steady over the past month, with several importers making sizable purchases. Madagascar reportedly bought 42,000 tons from Thailand, Iran 40,000 tons from Pakistan, and North Korea 23,000 tons from Thailand. Kenya purchased 15,000 tons, Senegal 25,000 tons, Jamaica 5,000 tons and Ghana 5,800 tons from the United States under the PL-480 program.

OTHER DEVELOPMENTS AFFECTING U.S. EXPORTS

Rice prices posted by the Thai Board of Trade have increased by $10 per ton for most grades over the past month, with prices for 100 percent grade B now at FOB $230 per ton. Actual export prices for 100 percent grade B have increased to about FOB $187 per ton, from the levels of $182-$185 reported last month. Last year at this time, 100 percent grade B was selling for about FOB $194 per ton. Thai A-1 Special rice is up sharply to about FOB $124 per ton.

Short supplies in shipment position in Thailand, heavy demand, and a smaller than anticipated dry season crop contributed to the stronger Thai prices.

SELECTED RECENT RICE IMPORTER BUYING ACTIVITY
REPORTED BETWEEN JULY 25 AND AUGUST 24, 1986

BUYER	ORIGIN	QUANTITY 1,000 TONS	QUALITY 1/	PRICE $/MT 2/	DELIVERY PERIOD	DATE OF REPORT
Algeria	Thailand	5,000	100% B	175.00	N/A	8-7
Angola	Thailand	7,000	25%	180.00 C&F	N/A	8-14
Benin	Thailand	5,000	PB 10%	149.00	N/A	8-7
Benin	Thailand	5,000	PB 5%	167.00	N/A	8-22
Brazil	Thailand	30,000	100% B	180.00	N/A	7-31
Brazil	Thailand	10,000	100% B	183.00	N/A	8-14
Cameroon	Thailand	10,000	PB 5%	140.50	N/A	8-14
Cameroon	Thailand	4,300	15%	162.00	N/A	8-14
Chile	Thailand	12,600	100% B	182.00	N/A	8-7
Chile	Thailand	3,700	A-1 Sup	103.00	N/A	8-7
Italy	Thailand	3,850	100% B	N/A	N/A	8-7
Italy	Thailand	4,400	100% Br	143.00	N/A	8-7
Madagascar	Thailand	10,000	15%	152.00	N/A	7-31
Madagascar	Thailand	22,000	A-1 Super	98.50	N/A	7-31
Madagascar	Thailand	10,000	A-1 Super	104.00	N/A	8-7
Malaysia	Thailand	1,500	Gl - 10%	195.00-200.00	N/A	8-14
Netherlands	Thailand	1,500	Gl A-1	N/A	N/A	7-31
Niger	Thailand	2,100	PB 5%	140.00-145.00	N/A	7-31
N. Korea	Thailand	20,000	A-1 Sup	132.00	N/A	8-22
Seychelles	Thailand	1,000	10%	140.00-145.00	N/A	7-31
Tanzania	Thailand	14,000	10%	242.00 C&F 1 yr credit	N/A	7-31
Togo	Thailand	6,000	PB 15%	160.00	N/A	8-22
Zaire	Thailand	3,000	25%	141.00	N/A	7-31
Zaire	Thailand	20,000	A-1 Sup	110.00	N/A	8-7

1/ P = Parboiled, LG = Long Grain, MG = Medium Grain, SG = Short Grain, Br = Brown, F = Fragrant, L/Bld = Long Boiled, F.Bld = Full Boiled, Gl = Glutinous, S = Super, Spec = Special.

2/ F.O.B. basis unless otherwise indicated. Price information is in many cases unconfirmed and as reported through unofficial market sources.

On the the Rotterdam market, U.S. #2/4 percent broken long grain rice has increased to $303 per ton c.&f., while Thai 100 percent B (bulk) is now selling in small parcels for $246 per ton c.&f. U.S. bulk brown rice is at $196 per ton c.&f., while Thai brown is reportedly selling for $210 per ton c.&f.

**Thailand: Thai exports totaled 351,199 in the past 4 weeks, up from 315,373 tons in the previous 4-week period. Calendar year exports through August 9 totaled 3,052,000 tons, 12 percent above the 2,750,000 tons exported in the same period one year ago.

Weekly Thai Rice Exports
(Metric tons)

Week Ending	Actual Exports	4 Week Moving Average
Jul 19	82,639	78,157
Jul 26	78,772	72,367
Aug 2	84,946	78,399
Aug 9	104,842	87,800

Apparent Thai export commitments for calendar year 1986, as of August 13, amounted to 3,226,950, compared with 3,115,418 tons during the same period in 1985. FAS currently estimates Thailand will export 4.2 million tons of rice in CY 1986.

**Pakistan: The Rice Export Corporation of Pakistan (RECP) reportedly exported 109,133 tons in July, bringing total exports in CY 1986 to 760,581 tons. This amount compares with only 390,527 tons exported in the same period one year ago. FAS estimates Pakistan rice exports at 1 million tons in CY 1986.

**Burma: The Myanma Export Import Corporation reportedly shipped 32,054 tons of rice in June, bringing exports in the first half of 1986 to 399,752 tons. This compares with only 162,018 tons in the first half of 1985. Burma is currently expected to export 600,000 tons of rice in CY 1986.

**Dominican Republic: U.S. rice exports to the Dominican Republic could reach almost 80,000 tons in calendar 1986 due to sharply increased import demand resulting from a continuing downward trend in production and expected increases in domestic consumption. Production in 1986 is now expected to reach only 228,000 tons, down from 280,000 tons last year and a high of 322,000 tons in 1983. Producers have been troubled in recent years by drought, high production costs, and farm credit problems.

The Dominican government subsidizes the consumer price of rice by about $7 per hundredweight, and reimburses the distributor, the National Institute for Price Stabilization (INESPRE). The government now owes the members of INESPRE over $40 million, and has delayed payment. This delay caused millers to close rice mills in producing areas in July, and has had adverse financial effects on the agro-industrial sector in general.

The Dominican Republic, which imported a total of about 20,000 tons in CY 1985, its first imports since 1981, has already imported over 30,000 tons from the United States and is expected to purchase about 50,000 tons under PL 480 in CY 1986. Further financial disruption of the national system of subsidization could also result in sharply higher rice exports in CY 1987, most of which would likely come from the United States. The current forecasts for total Dominican imports in CY 1986 and 1987 are 100,000 and 150,000 tons, respectively.

**Switzerland: Swiss imports of milled rice, mainly broken rice from Thailand for feed grain use, increased significantly during the period January to June 1986, to 85,152 tons (compared to 6,046 for the same period in 1985) because of low world prices in combination with low levies for milled rice. However, the Swiss government increased levies on rice substantially, effective July 1, 1986, in order to stop these unusually large imports which were displacing traditional Swiss feed imports of corn, barley, and wheat. Further rice imports destined for feed use are therefore not expected. Swiss annual rice imports are normally about 25,000 MT with the United States supplying about 50 percent.

**Malaysia: Rice imports are likely to decline in 1986 in light of an improved 1986 second season crop outlook in major growing regions. Malaysia imports almost exclusively from neighboring Thailand because of favorable prices and quality preferences. Malaysia imported only 114,000 tons during January through July 1986, compared to 284,000 tons for the same period in 1985. Malaysian rice imports have averaged slightly over 400,000 tons for the past five calendar years. Due to the favorable crop expectations, it may now be difficult for Malaysian CY 1986 imports to reach the current FAS forecast of 450,000 tons.

**Japan: The Japanese Prime Minister, in an unprecedented move, intervened to freeze the producer support price of rice for the 1986 crop at the current level of 311 Yen/kg (approximately $2,000/mt compared to US FOB prices around $200/mt), despite the fact that the parity formula based on production costs called for a 6.6 percent decrease. The Finance and Agriculture Ministries previously proposed a 3.8 percent reduction in the support price, but serious opposition by some governmental representatives forced the decision up to the Prime Minister.

The government still intends to introduce more discipline into rice markets and hopes in 1987 to be able to apply the parity formula independent of political considerations. In addition, the issue of further reducing Japans's total rice production area in 1987 will be addressed.

The proposed producer price decrease had been designed to discourage Japanese rice production, which, along with declining consumption and relatively high consumer prices, has resulted in large domestic stock buildups since the late 1970's.

EXPORT EXPANSION ACTIVITIES

**GSM-102: Credit guarantees of $51.2 million remain for Iraq, after purchases of $70.8 million this fiscal year. The allocation was recently cut by $43 million from the original $165 milion. Credit lines for other elgible countries remain unchanged from last month: Jamaica $8.9 million, Brazil $50 million, Guatemala $2 million, Jordan $12 million, and Portugal $19 million.

**PL 480: Rice sales under the PL 480 program during August included $4 million to Senegal, $2.9 million to Kenya and $800,000 to Jamaica. Additionally, Peru signed an agreement and the purchase authorization was issued for $7 million in FY 1986 and the Dominican Republic signed an agreement to buy $9.9 million of U.S. rice.

STATUS OF FY 86 TITLE I/III OBLIGATIONS
AS OF 8/27/86
(1,000 MT, $MILLION)

COUNTRY	AGREEMENTS		PA'S ISSUED		SALES		TYPE &
DATES	QTY	VALUE	QTY	VALUE	QTY	VALUE	PRICE $/MT
BANGLADESH	35.0	10.0	35.0	10.0	63.3	10.0	MG 157-159
GUINEA	20.0	6.0	20.0	6.0	10.0	3.1	LG 296-308
					15.1	2.9	LG 194
GHANA	5.4	1.0	5.4	1.0	5.8	1.0	LG 171
JAMAICA	22.0	8.0	26.5	6.8	11.6	6.8	B LG 296-305
							B LG 160
					5.0	.8	B LG 162-167
KENYA	11.0	2.9	11.0	2.9	16.1	2.9	LG 169-176
LIBERIA	48.0	11.0	48.0	11.0	31.0	6.2	PB LG 196-203
MADAGASCAR	13.8	4.0	15.0	4.0	24.1	4.0	MG 166 BULK
MOZAMBIQUE	10.0	2.9	10	2.9	14.7	2.9	MG 10.8 MT 195-198
							LG 3.9 MT 198-199
SENEGAL	42.0	9.5	42.0	9.5	22.4	5.5	16.8 MT MG 240-252
							5.6 MT LG 245-249
					25.0	4.0	10.0 MT MG 149 BULK
							15.0 MT MG 168 BULK
SIERRA LEONE	9.0	2.0	9.0	2.0	11.6	2.0	11.6 MT LG 173
SOMALIA	17.0	4.4	17.0	4.4	24.7	4.4	14.2 MT LG 173-180
							10.5 MT MG 173-178
YEMEN (YAR)	13.0	5.0	13.0	5.0	23.9	5.0	PB 2/4 LG 205-214

U.S. RICE EXPORT COMMITMENTS BY CLASS TO MAJOR DESTINATIONS

(AUGUST/JULY - 1,000 MT)

Destination	Marketing Year 4/	Long Grain Milled	Long Grain Brown 2/	Other 1/ Milled	Other 1/ Brown	Total Exports
EC 12	1983/84	29	192	2	70	293
	1984/85	10	209	7	98	331
	1985/86	*	162	2	--	164
	1986/87	49	108	--	--	158
Other W. Europe	1983/84	23	35	3	138	199
	1984/85	27	31	4	63	125
	1985/86	23	29	2	--	54
	1986/87	15	10	2	--	27
Iraq	1983/84	230	--	2	--	232
	1984/85	429	15	1	--	445
	1985/86	480	--	--	--	480
	1986/87	75	-- --	--	--	75
Saudi Arabia	1983/84	253	--	6	--	259
	1984/85	239	--	6	--	245
	1985/86	150	--	2	--	152
	1986/87	59	--	*	--	59
Other Middle East	1983/84	40	--	12	--	52
	1984/85	41	--	5	--	46
	1985/86	9	--	40	--	49
	1986/87	28	--	1	--	29
Republic of Korea	1983/84	--	--	*	112	112
	1984/85	--	--	--	--	--
	1985/86	--	--	--	--	--
	1986/87	--	--	--	--	--
Other Asia & Oceania	1983/84	3	--	140	--	143
	1984/85	3	--	99	--	102
	1985/86	2	--	12	152	166
	1986/87	1	--	64	--	65
Nigeria	1983/84	63	--	--	--	63
	1984/85	*	--	--	--	--
	1985/86	--	--	--	--	--
	1986/87	--	--	--	--	--
Other Africa	1983/84	95	150	136	--	381
	1984/85	116	65	278	11	476
	1985/86	172	51	144	10	378
	1986/87	89	3	25	11	128
Western Hemisphere	1983/84	156	24	109	14	303
	1984/85	137	49	13	19	217
	1985/86	172	95	10	14	290
	1986/87	130	164	7	6	307
Total 3/	1983/84	900	401	408	338	2,047
	1984/85	985	389	422	190	1,998
	1985/86	1,009	407	210	176	1,802
	1986/87	445	285	101	17	892 5/

* Less than 500 tons.
1/ Includes short, medium, and mixed.
2/ Data not converted to a milled equivalency, and includes rough rice.
3/ Discrepancies due to rounding and changes to unknown destinations.
4/ 1986/87 year includes August 1 through August 21
5/ Includes 44.0 TMT Unknown destination
SOURCE: U.S. Export Sales Report

U.S. WHEAT, CORN, SORGHUM, BARLEY, OATS, AND RYE SUPPLY/DISTRIBUTION
MILLION BUSHELS/MILLION ACRES

	Beginning Stocks	Harvested Area	Yield	Production	Imports	Exports	Feed Usage	Total Domestic Use
Wheat								
1976/77	666	70.9	30.3	2,149	3	950	75	755
1977/78	1,113	66.7	30.7	2,046	2	1,124	192	859
1978/79	1,178	56.5	31.4	1,776	2	1,194	158	837
1979/80	924	62.5	34.2	2,134	2	1,375	86	783
1980/81	902	71.1	33.5	2,381	3	1,514	60	783
1981/82	989	80.6	34.5	2,785	3	1,771	135	847
1982/83	1,159	77.9	35.5	2,765	8	1,509	195	908
1983/84	1,515	61.4	39.4	2,420	4	1,429	369	1,111
1984/85	1,399	66.9	38.8	2,595	10	1,424	409	1,154
1985/86	1,425	64.7	37.5	2,425	15	915	287	1,050
1986/87	1,900	60.9	35.5	2,165	5	1,150	300	1,075
1987/88	1,845							
Corn								
1976/77	633	71.5	88.0	6,289	3	1,657	3,590	4,133
1977/78	1,136	70.6	92.1	6,505	3	1,909	3,717	4,298
1978/79	1,436	71.9	101.0	7,268	1	2,124	4,264	4,872
1979/80	1,710	72.4	109.5	7,928	1	2,415	4,549	5,189
1980/81	2,034	73.0	91.0	6,639	1	2,408	4,157	4,875
1981/82	1,392	74.6	108.9	8,119	1	2,010	4,169	4,966
1982/83	2,537	72.7	113.2	8,235	1	1,834	4,521	5,416
1983/84	3,523	51.5	81.1	4,175	3	1,902	3,818	4,793
1984/85	1,006	71.9	106.7	7,674	4	1,865	4,116	5,170
1985/86	1,648	75.1	118.0	8,865	5	1,225	4,150	5,280
1986/87	4,013	69.1	120.4	8,316	1	1,550	4,250	5,400
1987/88	5,380							
Sorghum								
1976/77	49	14.5	49.0	711	-	254	449	459
1977/78	47	13.8	56.6	781	-	223	436	447
1978/79	157	13.4	54.5	731	-	190	540	552
1979/80	146	12.9	62.6	807	-	330	494	506
1980/81	118	12.5	46.3	579	-	293	336	347
1981/82	57	13.7	64.0	876	-	260	416	427
1982/83	247	14.1	59.1	835	-	210	475	485
1983/84	387	10.0	48.7	488	-	245	412	422
1984/85	287	15.3	56.4	866	-	297	539	557
1985/86	300	16.7	66.7	1,113	-	175	650	680
1986/87	558	13.5	63.7	860	-	240	575	605
1987/88	573							
Barley								
1976/77	128	8.4	45.6	383	11	66	172	330
1977/78	126	9.7	44.0	428	9	57	177	333
1978/79	173	9.2	49.2	455	10	26	217	384
1979/80	228	7.5	50.9	383	12	55	204	376
1980/81	192	7.3	49.7	361	10	77	174	349
1981/82	137	9.0	52.4	474	10	100	198	372
1982/83	148	9.0	57.2	516	11	47	241	411
1983/84	217	9.7	52.3	509	7	92	283	452
1984/85	189	11.2	53.4	599	10	77	304	474
1985/86	247	11.5	51.0	589	9	22	332	499
1986/87	325	12.5	52.2	650	5	55	300	475
1987/88	450							
Oats								
1976/77	205	11.8	45.9	540	2	10	490	573
1977/78	164	13.5	55.6	753	2	12	509	594
1978/79	313	11.1	52.3	582	1	13	525	603
1979/80	280	9.7	54.4	527	1	4	492	568
1980/81	236	8.7	53.0	459	1	13	432	506
1981/82	177	9.4	54.2	510	2	7	454	530
1982/83	152	10.3	57.8	593	4	3	441	526
1983/84	220	9.1	52.6	477	30	2	466	544
1984/85	181	8.2	58.0	474	34	1	433	508
1985/86	180	8.2	63.6	519	28	2	458	541
1986/87	183	7.5	58.8	443	30	2	400	485
1987/88	169							
Rye								
1976/77	4	0.7	21.4	15	-	-	5	15
1977/78	4	0.7	24.4	17	-	-	7	17
1978/79	4	0.9	26.0	24	-	-	8	19
1979/80	9	0.9	25.7	22	-	2	7	17
1980/81	12	0.7	24.6	16	-	8	7	16
1981/82	4	0.7	26.6	18	-	2	8	18
1982/83	3	0.7	28.9	20	3	-	10	20
1983/84	6	0.9	30.3	27	2	1	12	22
1984/85	11	1.0	33.1	33	1	1	14	24
1985/86	20	0.7	28.8	21	2	1	10	20
1986/87	22	0.7	29.8	20	1	1	13	23
1987/88	19							

Notes: Commodity Years As Follows: June/May-Wheat, Barley, Oats and Rye; October/September-Corn and Sorghum.
"-" Denotes zero.

Source: World Agricultural Supply and Demand Estimates No. 196, August 12, 1986

QUANTITY and VALUE of U.S. GRAIN and FEED COMMODITY EXPORTS
IN FISCAL YEAR 1985 with COMPARISON to the PRECEDING YEAR

COMMODITY	JUNE FY 85	JUNE FY 86	CUMULATIVE OCT THRU JUNE FY 85	CUMULATIVE OCT THRU JUNE FY 86	ACTUAL EXPORTS FY 85	PROJECTED EXPORTS FY 86
WHEAT (grain only)						
Quantity (1000 tons).....	2,294	2,164	22,455	16,877	28,524	25,000
Value Per Ton (dollars).....	$146	$127	$152	$137	$149	$128
Value (in million dollars)....	$335	$275	$3,420	$2,307	$4,263	$3,200
FLOUR						
Quantity (1000 tons).....	98	138	839	1,126	1,070	1,800
Value Per Ton (dollars).....	$173	$145	$168	$135	$200	$170
Value (in million dollars)....	$17	$20	$141	$152	$214	$306
CORN (grain only)						
Quantity (1000 tons).....	2,679	1,418	39,515	26,691	46,276	30,700
Value Per Ton (dollars).....	$124	$107	$126	$108	$125	$108
Value (in million dollars)....	$333	$152	$4,991	$2,894	$5,771	$3,315
SORGHUM (grain only)						
Quantity (1000 tons).....	541	259	5,850	3,063	7,549	4,200
Value Per Ton (dollars).....	$126	$108	$118	$99	$115	$100
Value (in million dollars)....	$68	$28	$688	$302	$868	$420
BARLEY, OATS, AND RYE (grain only)						
Quantity (1000 tons).....	33	1	986	204	1,202	475
Value Per Ton (dollars).....	$91	$0	$128	$103	$122	$99
Value (in million dollars)....	$3	--	$126	$21	$147	$47
TOTAL COARSE GRAINS (grain only)						
Quantity (1000 tons).....	3,253	1,678	46,351	29,958	55,027	35,375
Value Per Ton (dollars).....	$124	$107	$125	$107	$123	$107
Value (in million dollars)....	$404	$180	$5,805	$3,217	$6,786	$3,782
RICE (grain only)						
Quantity (1000 tons).....	136	206	1,357	1,187	1,908	2,000
Value Per Ton (dollars).....	$346	$252	$361	$347	$354	$300
Value (in million dollars)....	$47	$52	$490	$412	$676	$600
PULSES						
Quantity (1000 tons).....	36	27	336	362	425	450
Value Per Ton (dollars).....	$417	$407	$464	$461	$461	$460
Value (in million dollars)....	$15	$11	$156	$167	$196	$207
OTHER GRAIN PRODUCTS						
Quantity (1000 tons).....	153	92	1,075	1,008	1,411	1,300
Value Per Ton (dollars).....	$248	$250	$277	$251	$241	$250
Value (in million dollars)....	$38	$23	$298	$253	$340	$325
FORAGE, HAY, MIXED FEED AND GRAIN BYPRODUCTS						
Quantity (1000 tons).....	497	637	4,879	5,958	6,395	7,500
Value Per Ton (dollars).....	$141	$152	$151	$151	$151	$151
Value (in million dollars)....	$70	$97	$735	$900	$964	$1,132
TOTAL VOLUME (in thousand tons)	6,467	4,942	77,292	56,476	94,760	
TOTAL VALUE (in million dollars)	$926	$658	$11,045	$7,408	$13,439	$9,552

SOURCE: U.S. Bureau of Census.

U.S. Wheat Programs

	1984 Program		1985 Program		1986 Program	
	Equivalent Export Price 1/ ($/Ton)	Farm Price ($/Bu)	Equivalent Export Price 1/ ($/Ton)	Farm Price ($/Bu)	Equivalent Export Price 1/ ($/Ton)	Farm Price ($/Bu)
Trigger Release Price	----	$4.45	----	$4.45	----	----
Target Price	$187	$4.38	$187	$4.38	$187	$4.38
Loan (Reserve)	----	$3.30	----	----	----	----
National Loan	$147	$3.30	$147	$3.30	$114	$2.40
Season Average Producer Price	$150	$3.38	$142	$3.16	$108-118	$2.25-2.50
Farm Price 2/	----	----	----	----	$105	$2.17
Paid Diversion	----	$2.70	----	$2.70	----	$2.00 Winter $1.10 Spring

1/ Estimated equivalent, adjusted from $/Bu at the farm level by including transportation and handling allowances of $.70 per bushel.
2/ ASCS 5-day moving average as of August 20, 1986.

U.S. Corn Programs

	1984 Program		1985 Program		1986 Program	
	Equivalent Export Price 1/ ($/Ton)	Farm Price ($/Bu)	Equivalent Export Price 1/ ($/Ton)	Farm Price ($/Bu)	Equivalent Export Price 1/ ($/Ton)	Farm Price ($/Bu)
Trigger Release Price	----	$3.25	----	$3.25	----	----
Target Price	$137	$3.03	$137	$3.03	$137	$3.03
Loan (Reserve)	----	$2.55	----	$2.55	----	----
National Loan	$118	$2.55	$118	$2.55	$93	$1.92
Season Average Producer Price	$121	$2.62	$110	$2.35	$89-98	$1.65-1.90
Farm Price 2/	----	----	$18	$1.66	----	----
Paid Diversion	----	----	----	----	----	$0.73

1/ Estimated equivalent, adjusted from $/Bu at the farm level by including transportation and handling allowances of $.45 per bushel.
2/ ASCS 5-day moving average as of August 20, 1986.

*U.S.GOVERNMENT PRINTING OFFICE:1986-490-916:40589/FAS

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Foreign Agriculture Circular

Grains

Export Markets for U.S. Grain and Products

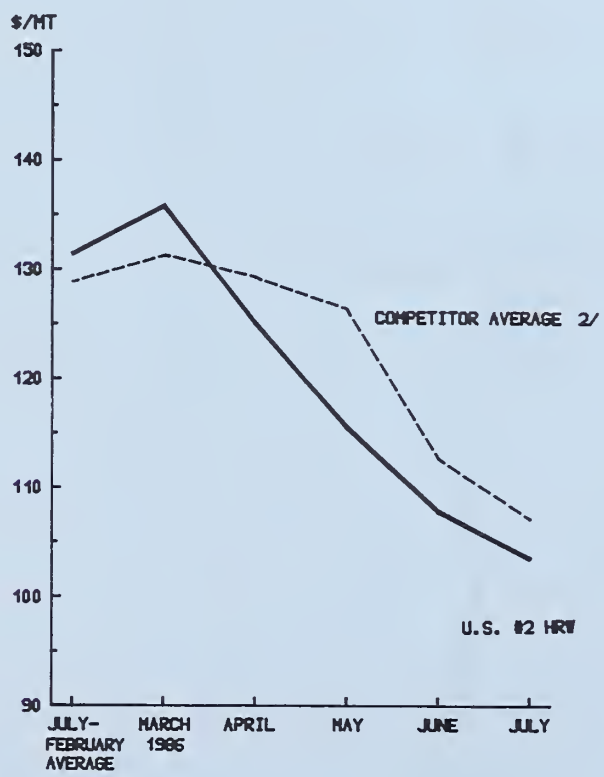
EMG-7-86
July 1986

Under the Food Security Act of 1985, the 1986 U.S. wheat loan rate was reduced so that export prices of U.S. wheat would no longer be prevented from following downward movement in prices by other exporting countries. As a result, prices for U.S. wheat have become more competitive in recent months. The cover graphs this month show this change in price relationships, and give some indication of how shipments of U.S. wheat have begun to respond.

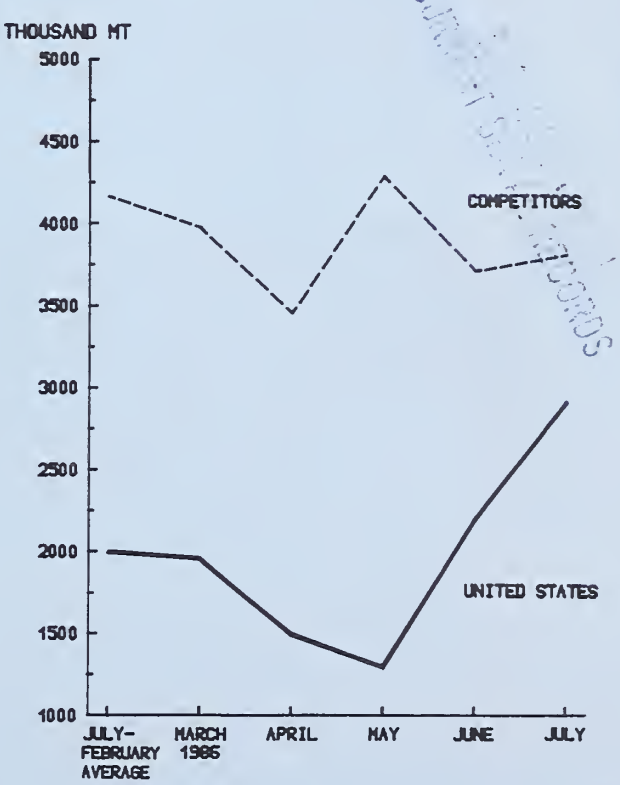
To put the current resurgence of U.S. wheat shipments into perspective, the latest official forecast of total U.S. wheat exports for marketing year 1986/87 is 29.9 MMT vs. 24.9 MMT for 1985/86; when flour is deducted, this represents a monthly average of about 2.3 MMT for 1986/87. The graph below, however, shows that average shipments for the first two months (June and July) of 1986/87 are likely to already exceed the 2.3 MMT pace.

U.S. AND COMPETITOR WHEAT TRADE INDICATORS 1/

PRICES 2/



SHIPMENTS 3/



1/ Wheat excluding flour. Competitors include Argentina, Australia, Canada and European Community.
2/ For 30 day shipment; i.e., April prices generally reflect May shipment. Average of Canadian CWRS, Australian white, Argentine wheat and French soft milling wheat; prices on FOB basis and not adjusted for quality differences, and thus are not precisely comparable.
3/ Competitor shipment data for May-July, and U.S. shipment data for July are preliminary.
Supporting data on page 24.

Approved by the World Agricultural Outlook Board - USDA

EXPORT MARKET FOR U.S. GRAIN AND FEED PRODUCTS
July 25, 1986

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HIGHLIGHTS

The forecast for 1986/87 (June/May) U.S. wheat exports, as of July 11, remained unchanged for the third consecutive month at 29.9 million tons. The forecast is 5.0 million tons higher than exports in 1985/86, but still well below the record 1981/82 export level of 48 million tons. New wheat sales for the 4-week period ending July 17 were up almost 65 percent over the previous 4-week period, as new crop wheat became more readily available and several countries made purchases under the Export Enhancement Program (EEP).

The 1985/86 (September/August) U.S. corn export forecast as of July 11, declined 1.9 million tons to 31.1 million tons; the sorghum export forecast remained unchanged at 4.4 million tons. Larger than expected corn supplies from other origins, increased competition in major Asian and Latin American markets, and continued pressure from subsidized or heavily discounted feed wheat are behind the lower corn estimate.

Significant developments affecting U.S. exports during the past month.

-- Continued South African purchases of U.S. wheat, despite tough competition from Australia, indicates higher imports of U.S. wheat by South Africa than earlier anticipated.

-- Argentina and Brazil are expected to sign a new grain trade agreement.

-- With a 200,000 ton donation of wheat to Egypt and sales to other countries, Saudi Arabia could increase competition in world wheat markets.

-- Yugoslavia announces a levy on imported grains, but reduced quality prospects could lead to increased U.S. wheat exports, despite the levy.

-- Canadian wheat exports in 1986/87 are estimated to be up from last year, as a result of projected record production and lower prices.

-- Several new initiatives for wheat under the EEP are announced.

-- Yugoslavian corn exports in 1986/87 could reach record levels due to improved crop prospects, substantial carry-in stocks and liberalization of corn exports.

-- Larger than expected Chinese corn shipments further erode U.S. market opportunities, particularly in the USSR and Far East.

-- The Canadian government will investigate whether U.S. corn exports are subsidized.

This circular was prepared by the Grain and Feed Division, Commodity and Marketing Programs, FAS/USDA. Telephone: (202) 447-6885

WHEAT

LATEST U.S. EXPORT FORECAST, SHIPMENTS AND SALES

Export Forecast: The forecast for 1986/87 (June/May) wheat exports, as of July 11, remained unchanged for the third consecutive month at 29.9 million tons. The forecast is 5.0 million tons higher than exports in 1985/86, but still well below the record 1981/82 export level of 48 million tons.

Shipments and Sales: Wheat shipments during the 4-week period ending July 17 were up about 67 percent from the previous 4-week period and bring cumulative shipments above last year's for the first time. The Philippines (287,000 MT) and Algeria (274,000 MT) were the leading destinations. New sales for the period were up almost 65 percent over the previous 4-week period, as new crop wheat became more readily available, and a number of countries made purchases under the EEP, among which Egypt (263,000 MT) and Yugoslavia (131,000 MT) were the principal buyers.

U.S. WHEAT SHIPMENTS, SALES, and INSPECTIONS
(JUNE/MAY--MILLION TONS)

------ Monthly SHIPMENTS ------		
For Period Ending	1984/85	1985/86
Apr. 17	1.8	1.5
May 22	1.6	1.3
Cumulative for MY..	35.7	22.3
	1985/86	1986/87
June 19	1.5	1.5
July 17	1.9	2.5
Cumulative for MY..	3.1	3.5

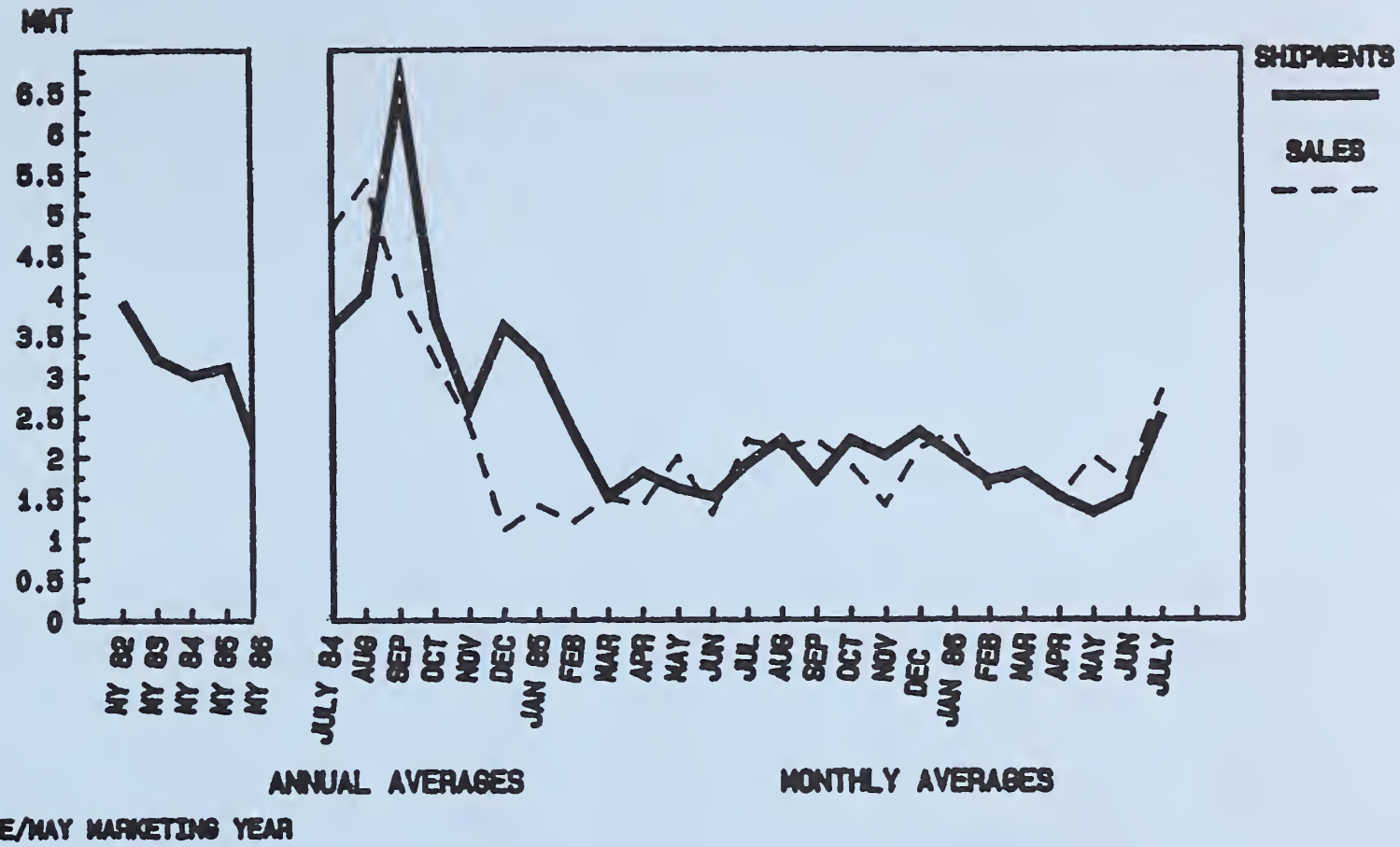
------ Monthly SALES 1/ ------		
For Period Ending	1984/85	1985/86
Apr. 17	1.4	1.5
May 22	2.0	2.0
Cumulative for MY..	36.6	23.5
	1985/86	1986/87
June 19	1.4	1.7
July 17	2.3	2.8
Cumulative for MY..	7.2	8.0

Weekly and Annual INSPECTION Rates	MT	BU
Week Ending July 10	0.6	23.5
Week Ending July 17	0.7	25.0
Cumulative Since Begin MY ..	3.8	140.9
Official Estimate for 1986/87 (Grain only)	29.9	1100
Implied Weekly Average	0.6	21.2
Weekly Average for Latest Six Weeks	0.6	22.2
Marketing Year-to-Date Weekly Average	0.5	20.1
MY Year-to-Date Average Extrapolated Annually	28.5	1047
Weekly Average Required during Remainder of MY to Achieve Official Estimate ..	0.6	21.3
Weeks Remaining 45		

1/ Sales made since the beginning of the applicable marketing year, including sales for shipment in the next marketing year.

SOURCE: Shipments and sales data from U.S. Export Sales. Inspections data from the Federal Grain Inspection Service.

U.S. WHEAT SHIPMENTS AND SALES
ANNUAL MONTHLY AVERAGES FOR MY 1982 - 1986 (PROJ)
AND MONTHLY FROM JULY 1984 - JULY 1986



MY IS JUNE/MAY MARKETING YEAR

SUPPLY and DISTRIBUTION of U.S. WHEAT by CLASS
(MILLION BUSHELS)

Marketing Year beginning June 1	Hard Winter	Hard Spring	Soft Red	White	Durum	Total
--- 1984/85 ---						
Beginning Stocks	745	314	74	167	99	1,399
Production	1,251	409	531	301	103	2,595
Total Supply 1/	1,996	725	605	470	207	4,003
Domestic Use	562	171	288	87	46	1,153
Exports	717	183	253	210	61	1,424
Total Use	1,279	354	541	297	107	2,578
Ending Stocks	717	371	64	173	100	1,425
--- 1985/86 ---						
Beginning Stocks	717	371	64	173	100	1,425
Production	1,230	460	368	254	113	2,425
Total Supply 1/	1,947	838	432	430	218	3,865
Domestic Use	548	176	204	80	42	1,050
Exports	395	166	149	152	53	915
Total Use	943	342	353	232	95	1,965
Ending Stocks	1,004	496	79	198	123	1,900

1/ Includes imports.

SOURCE: World Agricultural Supply and Demand Estimates, No. 195 - July 11, 1986.

IMPORTER BUYING ACTIVITY

Despite the heavy volume of U.S. sales and lower prices, importer purchasing generally continued relatively slow. Purchases under the EEP by Egypt, Yugoslavia, Jordan, Zaire, and Sri Lanka highlighted the month's buying activity for U.S. exporters.

WHEAT and FLOUR IMPORTER BUYING ACTIVITY
REPORTED between JUNE 20, 1986 and JULY 18, 1986 1/

Date of Purchase	Buyer	Origin	Quantity (tons)	Grade 2/	Price Range 3/ ($US per ton)	Delivery Period 4/
6/23	Yugoslavia	U.S.	11,300	HRW	$98.50	?
	Sri Lanka	U.S.	50,000	SRW	$87.00	?
6/24	Sri Lanka	U.S.	50,000	SRW	$87.00 C&F	FH August
6/26	Yugoslavia	U.S.	23,000	HRW	$84.00	?
6/27	Zaire	U.S.	15,000	HRW	$82.00	?
	Yugoslavia	U.S.	37,000	HRW	$84.00	?
7/3	Peru	Canada	75,000	Wheat	$98.33	?
7/8	Yugoslavia	U.S.	30,000	HRW	$88.00	?
7/9	Japan	Canada	36,800	CWRS	?	September
	Japan	Australia	16,000	ASW	?	September
	Yugoslavia	U.S.	30,000	HRW	$86.00	?
7/10	Brazil	U.S.	33,000	Wheat	$100.59	?
	Peru	U.S.	25,000	Wheat	$98.00	August
7/11	Egypt	U.S.	67,000	SRW/WW	86.50	?
7/14	S. Korea	Canada	50,000	Feed Wheat	$79.75 C&F	August
	Jordan	U.S.	75,000	HRW	$90.83	?
	Egypt	U.S.	160,000	SRW	$87.00	?
7/15	Egypt	U.S.	25,000	WW	$87.00	?
7/16	Portugal	Canada	65,000	CWRS	?	August
	Japan	U.S.	69,447	Various	?	September
	Japan	Canada	19,047	CWRS	?	September
	Japan	Australia	38,094	SRW	?	September
7/18	Zaire	U.S.	45,000	HRW/SRW	$82.00	?
	Zaire	U.S.	34,000	Flour	$194.00 CIF	?

1/ Does not include PL-480 sales.
2/ HRW=Hard Red Winter, HRS=Hard Red Spring, SRW=Soft Red Winter, HAD=Hard Amber Durum, WW=Western White ASW=Australian Soft White, CWRS=Canadian Western Red Spring, PH=Australian Prime Hard, AH=Australian Hard, GP=Australian General Purpose
3/ FOB unless otherwise noted.
4/ FH denotes first half; LH, last half.

SOURCE: Unofficial market news reports.

U.S. MARKET OPPORTUNITIES

**South Africa: South Africa bought 66,000 tons of U.S. wheat, bringing the total since May to about 156,000 tons. This is substantially above the 27,000 tons of U.S. wheat exported to South Africa in 1985/86 (June/May). The sale was made despite tough competition from Australia, a major supplier of South African wheat imports, and there is a good possibility additional purchases of U.S. wheat will be made to meet import demand. South Africa is currently expected to import about 250,000 tons of wheat in 1986/87.

DEVELOPMENTS AFFECTING U.S. EXPORTS

Other Exporting Countries' Selling Activity and Competitive Practices

**Summary: Major wheat exporter shipments during the 4-week period ending July 17 totaled 3.4 million tons, down slightly from last month, but almost 50 percent above shipments for the same period last year.

WHEAT SHIPMENTS by MAJOR EXPORTING COUNTRIES
RECENT MONTHS and SEASON TOTALS for 1984/85-1986/87
(JULY/JUNE--MILLION TONS)

	-- CANADA --		- AUSTRALIA -		- ARGENTINA -		- FRANCE 2/ -		-- TOTAL --	
For Period Ending 1/	84/85	85/86	84/85	85/86	84/85	85/86	84/85	85/86	84/85	85/86
Apr. 20	1.3	.7	1.4	1.1	1.1	0.5	1.2	0.7	5.0	3.7
May 22	1.9	1.3	1.2	2.0	0.7	0.2	1.0	0.8	4.8	4.3
June 19	1.6	1.4	1.4	1.3	0.4	0.1	1.3	0.7	4.7	3.5
Total for Season	19.4	17.0	15.3	15.7	8.0	6.1	12.6	10.5	55.3	49.3
For Period Ending 1/	85/86	86/87	85/86	86/87	85/86	86/87	85/86	86/87	85/86	86/87
July 17	0.9	1.4	0.8	1.2	0.4	0.1	0.2	0.7	2.3	3.4
Cumulative Since July 1 .	0.3	0.6	0.2	0.6	0.3	#	0.1	0.4	0.9	1.6
Total for Season 3/	17.0	19.5	15.7	14.5	6.1	4.6	10.5	11.0	49.3	49.6

1/ Or nearest date.
2/ Excludes intra-EC trade.
3/ Forecast for 1986/87.
- Less than 0.1, N/A - Data not available.

**Argentina: Argentina and Brazil are expected to sign a trade agreement under which Brazil would purchase a total of 7.2 million tons of Argentine wheat over the next 5 years (1.4 million tons in the first year), in exchange for Argentina's purchase of Brazilian heavy industrial equipment. Such an agreement would adversely affect U.S. wheat exports, since the United States has generally been Brazil's largest wheat supplier and Canada has an agreement enabling it to supply a minimum of 750,000 tons of wheat annually to Brazil. However, because of sharp variations in annual crop production, Argentina has not been able to fulfill trade commitments, only last year failing to discharge its grain agreement with Brazil. Brazil is expected to import 2.8 million tons in 1986/87 (July/June).

**European Community: The EC announced a food aid package for Egypt which includes 120,000 tons of wheat, with the possibility of an additional 40,000 tons later in the year. In contrast, EC wheat exports to Egypt were virtually zero in 1984/85 and 1985/86 (July/June), although the EC did ship some wheat flour during that time. It appears that a pattern of EC food aid and subsidy adjustments are being used to counter EEP sales in certain markets. The United States recently announced a new EEP initiative of 500,000 tons of wheat for Egypt (252,000 tons of which has already been sold) and has made available for purchase 1.6 million tons of wheat and wheat flour under the PL-480 program.

Competitive Developments in Selected Foreign Markets

**Egypt: In an effort to move its large wheat surplus, Saudi Arabia donated 200,000 tons of wheat to Egypt which could displace U.S. wheat exports. However, due to a lack of Egyptian mills capable of handling the hard spring variety of Saudi wheat, shipments could be limited. Egypt, which has one of the highest rates of per capita wheat consumption in the world, imports about 6.7 million tons of wheat annually, over 2.0 million of which is of U.S. origin.

Egyptian Wheat Imports 1/
(July/June - 1,000 MT)

	1982/83		1983/84		1984/85		1985/86 2/	
Origin	TMT	%	TMT	%	TMT	%	TMT	%
Australia	1,820	(29)	1,700	(23)	2,210	(33)	2,300	(34)
EC	1,070	(17)	2,180	(30)	1,600	(24)	1,900	(28)
United States	3,120	(50)	2,770	(38)	2,200	(32)	2,100	(31)
Other	180	(4)	680	(9)	790	(11)	400	(7)
Total	6,190		7,330		6,800		6,700	

1/ Includes wheat flour in grain equivalent.
2/ Preliminary.
Source: Importer Data

**Pakistan: Improved Pakistani crop prospects this year should sharply lower U.S. wheat exports to that country, as well as allow Pakistan to re-emerge as a wheat exporter, thus increasing competition in world markets. In 1985/86 (July/June), Pakistan imported about a million tons of U.S. wheat, mostly as donations for the Afghan Refugee Program, but this figure is expected to decline sharply. In fact, Pakistan is exploring the possibility of exporting 500,000 tons of wheat in 1986/87, with Iran mentioned as a major destination. Since Iran normally fills the bulk of its import needs with Australian, Argentine, and EC wheat, imports from Pakistan would free wheat from these countries for sale to other markets. Given the high cost of in-country transportation, Pakistan will need to heavily subsidize wheat exports in order to be competitive in world markets.

Internal Price Policies of Foreign Countries

**Major Exporters: The latest support prices for the principal world wheat exporters, for their respective marketing years, are listed below. Prices are not strictly comparable because U.S., Argentine, and EC prices are on a local delivery point basis, while Australian and Canadian prices represent their respective marketing boards' initial payments to producers. Prices also may not be comparable due to quality differences. For example, in terms of quality differentials, the Canadian price is set for No. 1 Canadian Western Red Spring (CWRS), while No. 2 CWRS currently is discounted Can$6 per ton and No. 3 CWRS is discounted Can$14 per ton. No. 1 CWRS has represented about 40 percent of Canadian wheat exports over the past 10 years. EC prices given below are for medium quality wheat and include a 2.5 ECU increment for each month of the season after August.

Major Grain Exporters': Support Prices for Wheat
(per Metric Ton)

Exporter	1984/85 $ U.S. Eq. 1/	1984/85 Local Currency	1985/86 $ U.S. Eq. 1/	1985/86 Local Currency	1986/876 $ U.S. Eq. 1/	1986/876 Local Currency
U.S. (Loan)	$121	$121 ($US)	$121	$121 ($US)	$88	$88 ($US)
Argentina (Reference)..	$89	4800 2/	$81	65 2/	$90	72 2/
Australia (Min. Paymt.)	$90	146 ($A)	$92	150 ($A)	--	NA
Canada (Initial Paymt.)	$115	160 ($C)	$115	160 ($C)	$94	130 ($C)
EC-12 (Lower Qual.) 3/	NA	NA (ECU)	NA	NA (ECU)	$172	170 (ECU)
(Intervention) 4/	NA	NA (ECU)	NA	NA (ECU)	$181	179 (ECU)
(Superior Qual.) 5/	NA	NA (ECU)	NA	NA (ECU)	$185	183 (ECU)

1/ $ U.S. equivalent figured by using the latest exchange rate for the current week for the appropriate year.
2/ Exchange rate in australs as of January 1986. Caution should be taken when using the local price and its $ U.S. equivalent because of the frequent changes in the support price and the volatility of the Argentine exchange rate.
3/ Support price for feed-quality wheat.
4/ Support price paid for bread-quality wheat.
5/ Support price paid for superior-quality wheat. 2 percent premium over medium-quality wheat.

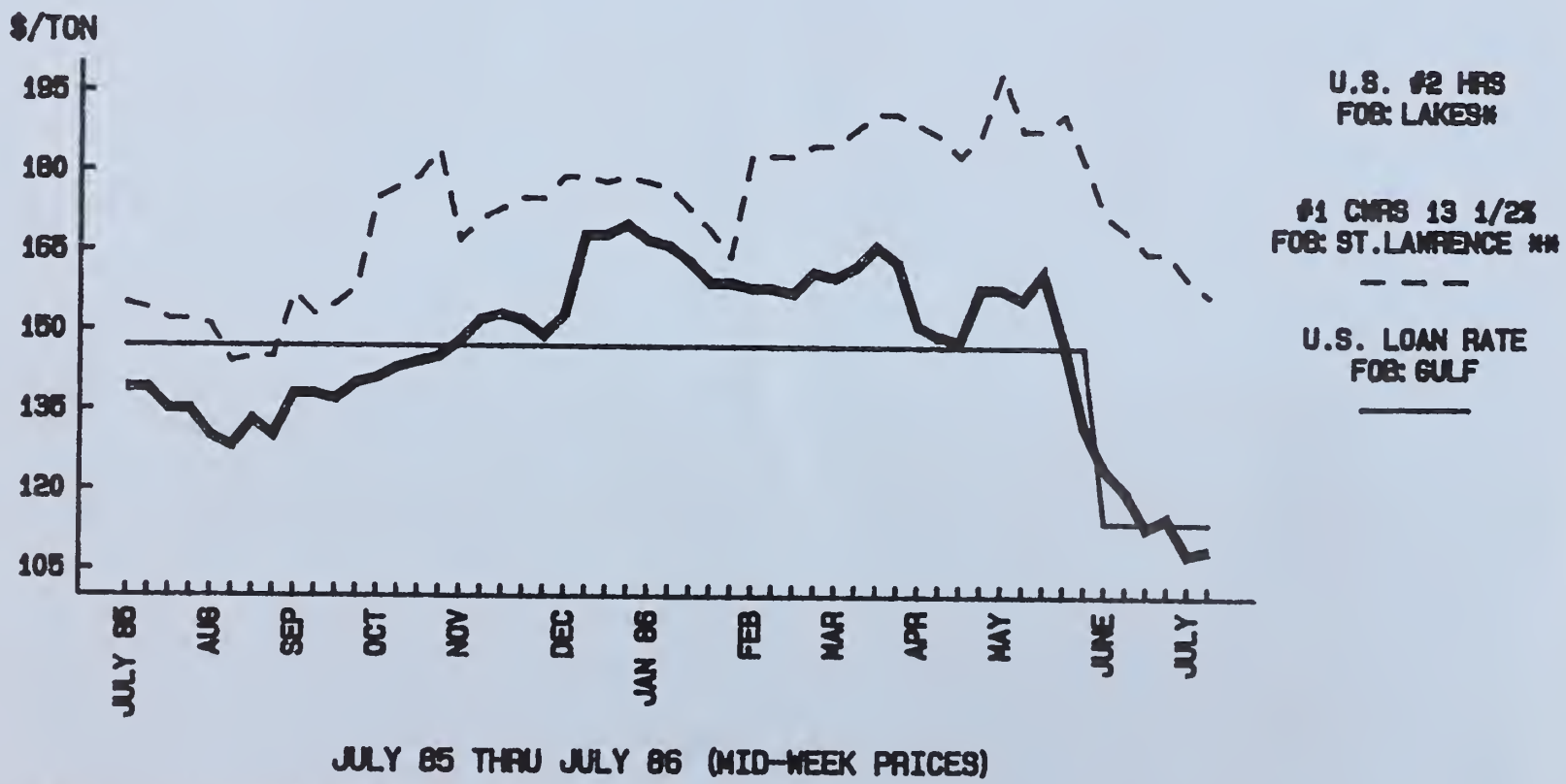
**Yugoslavia: A new levy on wheat and corn intended to protect domestic growers from cheap imports was announced by Yugoslavia. The levy is set to equal the difference between the normal domestic price and the C.I.F. price plus custom duties of the imported grain. If applied to wheat sold under the EEP, it would reduce the advantages of the program for millers.

Normally such a levy would be expected to have a negative impact on imports, however, quality problems appearing in the current wheat crop could cause Yugoslavia's wheat import demand to increase, despite the levy. Heavy rains during harvest have apparently caused a substantial deterioration in wheat quality. As a result, Yugoslavia will most likely take the remaining 80,000 tons of wheat available to it under the EEP, and possibility seek additional imports. Yugoslavia recently bought 120,000 tons of wheat under the latest EEP initiative. The current forecast calls for Yugoslavia to import 400,000 tons of wheat in 1986/87 (July/June), but this estimate was made before reports of quality problems.

**Japan: The Japanese Agriculture Ministry announced a 1.2 percent cut in the producer price of wheat in 1986 to $1,170 per ton, and could reduce the resale price of imported wheat next year. It is unlikely such actions will increase Japan's wheat import demand, which has remained relatively stable over the past several years. However, reduction of the producer wheat price, the first in 27 years, could signal a greater government sensitivity to the high costs of subsidizing domestic production.

Japanese wheat imports are strictly controlled by Japan's Food Agency, which is the monopoly purchaser of both domestic and imported wheat. The Food Agency purchases imported wheat through weekly tenders at world market prices, and resells the grain to flour millers at a price recommended by the Rice Price Deliberation Council and approved by the Japanese Cabinet. The resale price of imported wheat is always higher than the resale price of domestic wheat, which is purchased at the guaranteed government price. Thus, the government loses money on sales of domestic wheat (about $729 per ton), but earns money on the sale of imported wheat. To meet growing demand to pass on savings resulting from the increased strength of the yen, the Japanese government may reduce the resale price of imported wheat. Such a price cut will probably not affect Japanese wheat imports, which are expected to total 5.5 million tons in 1986/87 (July/June).

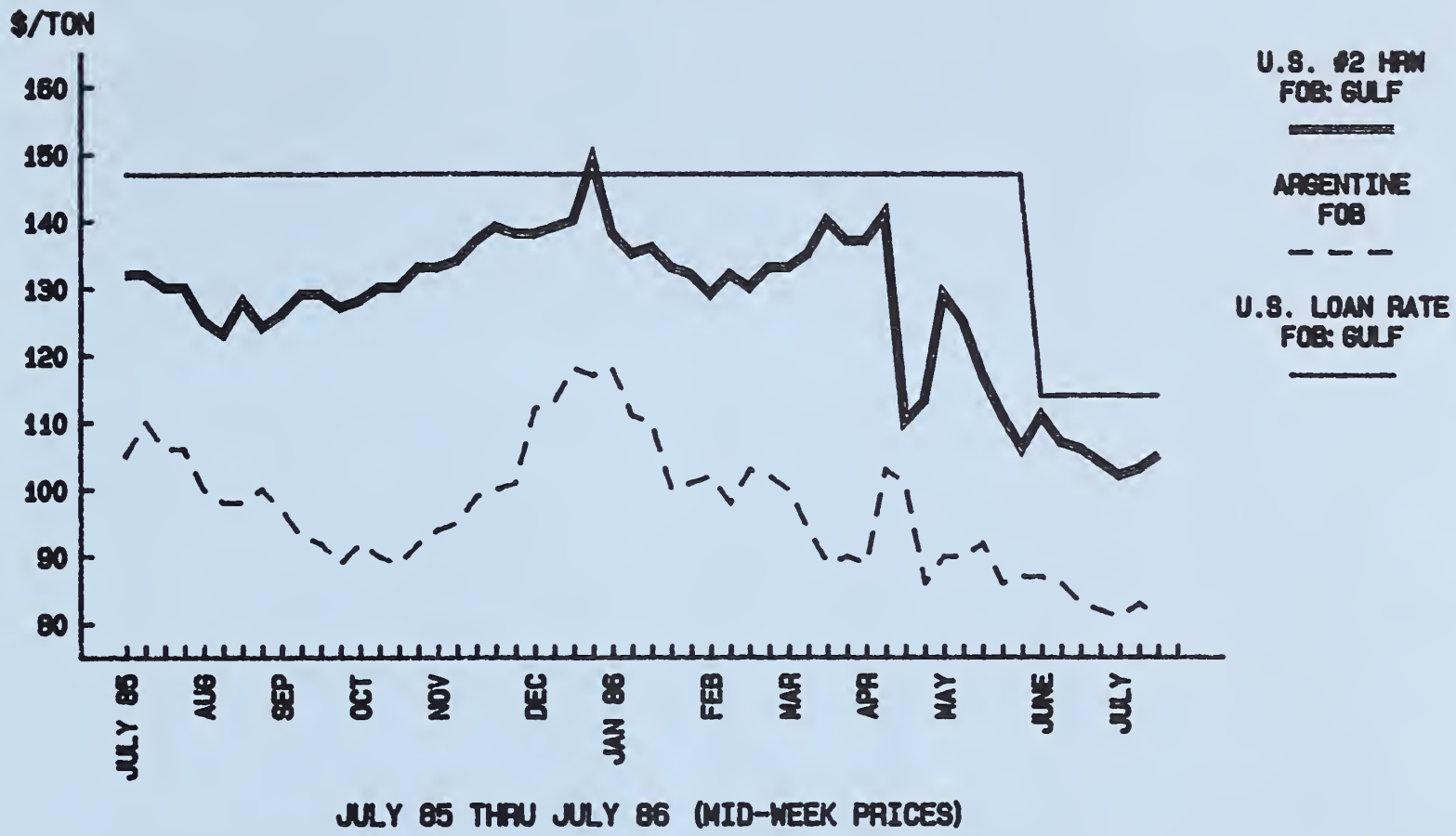
HARD RED SPRING WHEAT EXPORT PRICES
U.S. AND CANADIAN



JULY 85 THRU JULY 86 (MID-WEEK PRICES)

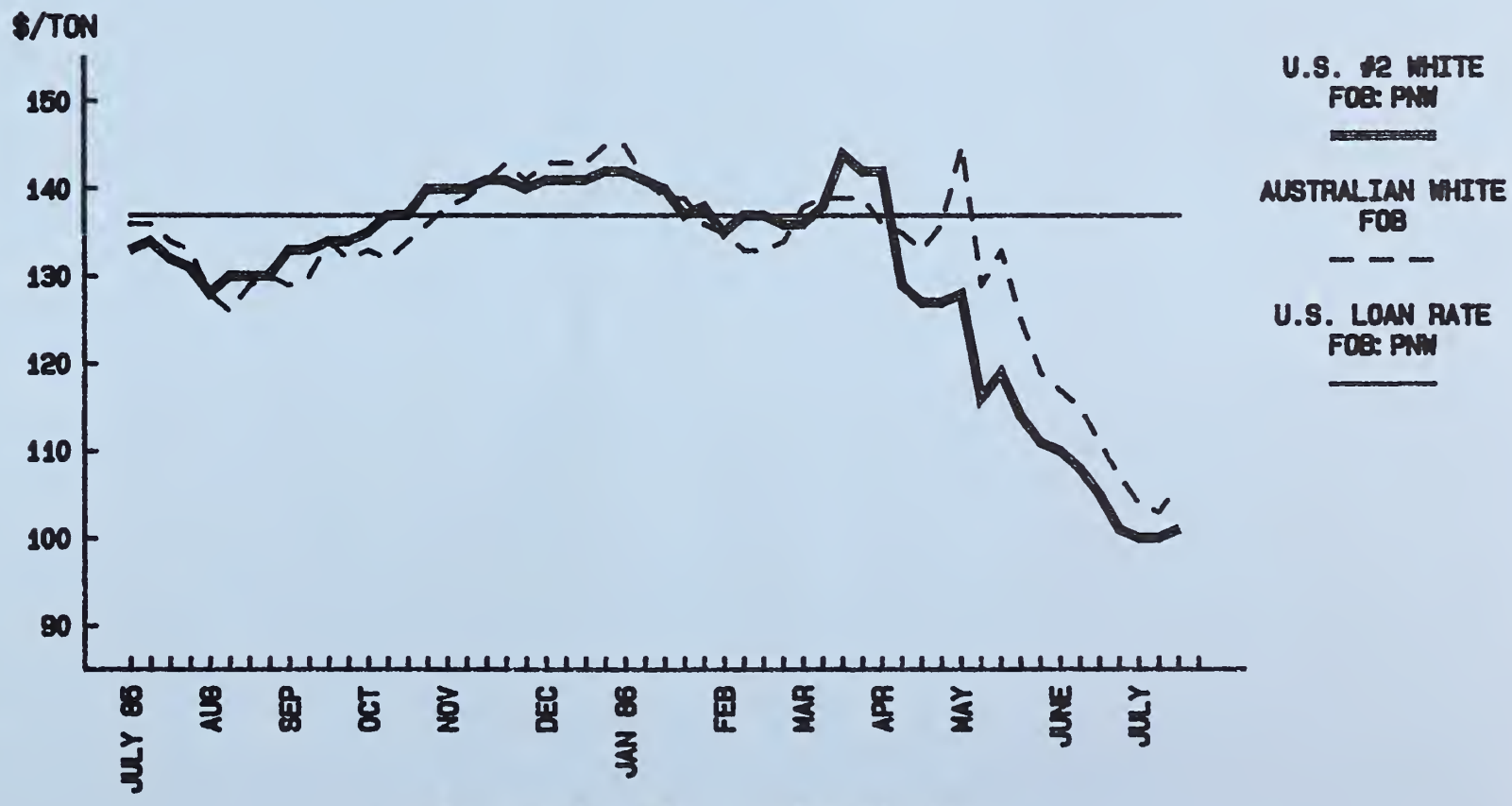
*FOB GULF DURING WINTER MONTHS (DEC THRU MAR)
**FOB ST. LAWRENCE AS OF FEB 1986
FOB THUNDER BAY PRIOR TO FEB 1986

HARD RED WINTER WHEAT EXPORT PRICES
U.S. AND ARGENTINE



JULY 85 THRU JULY 86 (MID-WEEK PRICES)

WHITE WHEAT EXPORT PRICES
U.S. AND AUSTRALIAN



JULY 85 THRU JULY 86 (MID-WEEK PRICES)

U.S. WHEAT EXPORT COMMITMENTS by CLASS to MAJOR DESTINATIONS
TOTAL EXPORTS for 1984/85 - 1985/86; COMMITMENTS to DATE for 1986/87 with COMPARISON to 1985/86
(JUNE/MAY--1,000 TONS)

Destination	Marketing Year	Hard Red Winter	Hard Red Spring	Soft Red Winter	All White	Durum	Total
EC-12	1984/85	340	713	222	--	191	1,466
	1985/86	337	620	162	--	193	1,312
	1985/86*	102	66	96	--	48	312
	1986/87**	--	67	110	--	72	249
Other W. Europe	1984/85	168	69	420	--	35	692
	1985/86	496	108	--	6	11	621
	1985/86*	26	23	--	--	--	49
	1986/87**	103	27	--	--	3	133
USSR	1984/85	6,339	--	--	--	--	6,339
	1985/86	153	--	--	--	--	153
	1985/86*	--	--	--	--	--	0
	1986/87**	--	--	--	--	--	0
China	1984/85	105	--	2,630	--	--	2,735
	1985/86	--	--	581	--	--	581
	1985/86*	--	--	571	--	--	571
	1986/87**	--	--	--	--	--	0
Japan	1984/85	1,277	1,034	--	986	10	3,307
	1985/86	1,294	948	--	937	57	3,236
	1985/86*	367	317	--	325	13	1,022
	1986/87**	285	323	--	268	31	907
Taiwan	1984/85	299	211	--	145	--	655
	1985/86	284	225	--	147	--	656
	1985/86*	169	128	--	102	--	399
	1986/87**	194	146	--	101	--	441
Rep. of Korea	1984/85	657	225	--	1,094	--	1,976
	1985/86	594	246	3	1,113	--	1,956
	1985/86*	161	61	3	270	--	495
	1986/87**	144	71	--	276	--	491
Other Asia, Middle East, and Oceania	1984/85	1,998	963	178	1,502	--	4,641
	1985/86	1,783	757	143	1,185	--	3,868
	1985/86*	497	253	16	236	--	1,002
	1986/87**	678	474	213	392	--	1,757
Egypt	1984/85	--	--	429	1,205	--	1,634
	1985/86	--	--	1,361	130	--	1,491
	1985/86*	--	--	210	--	--	210
	1986/87**	--	--	920	--	--	920
Nigeria	1984/85	1,324	198	111	--	--	1,633
	1985/86	853	21	83	--	--	957
	1985/86*	485	--	40	--	--	525
	1986/87**	130	25	--	--	--	155
Other Africa	1984/85	421	39	2,012	42	802	3,316
	1985/86	1,507	78	816	--	762	3,163
	1985/86*	172	--	218	--	129	519
	1986/87**	575	1	320	--	411	1,307
Brazil	1984/85	3,075	--	67	--	--	3,142
	1985/86	722	--	--	--	--	722
	1985/86*	658	--	--	--	--	658
	1986/87**	135	--	--	--	--	135
Other W. Hemis.	1984/85	1,951	1,261	432	159	282	4,085
	1985/86	1,493	1,182	586	2	231	3,494
	1985/86*	641	479	217	4	101	1,442
	1986/87**	778	527	190	--	122	1,617
Total 1/	1984/85	17,952	4,713	6,500	5,149	1,420	35,734
	1985/86	9,514	4,203	3,735	3,521	1,341	22,314
	1985/86*	3,242	1,364	1,427	871	342	7,246
	1986/87**	3,564	1,777	1,695	1,092	878	9,006
MY Projection 2/		11,295	4,410	4,436	3,674	1,388	25,203

1/ Discrepancies due to rounding and sales to unknown destination.
2/ Projections for 1985/86, including flour and products.
* Sales plus accumulated exports as of July 18, 1985, excluding sales for next marketing year.
** Sales plus accumulated exports as of July 17, 1986, excluding sales for next marketing year.

SOURCE: U.S. Export Sales.

OTHER DEVELOPMENTS AFFECTING U.S. EXPORTS

**EEP Summary: Since last month's report, several new initiatives for wheat have been announced for Egypt (200,000 tons), Yugoslavia (200,000 tons), Senegal (100,000), and Jordan (75,000 tons), while wheat sales under the program were made to Egypt (252,000 tons), Yugoslavia (131,000 tons) Jordan (75,000 tons), Zaire (60,000 tons), and Sri Lanka (50,000 tons). In addition, a flour sale to Zaire (34,000) was approved, as were sales of barley malt to Nigeria (4,400 tons) and barley to Saudi Arabia (200,000 tons).

**Brazil: The forecast for Brazilian wheat imports in 1986/87 (July/June) has been lowered from 3.1 to 2.8 million tons, due to prospects of another bumper crop for the second year in a row. A sharp rise in area planted, the result of an increase in the producer price guaranteed by the government, and favorable weather conditions are behind the optimistic production forecast. Lower imports combined with a new Argentina/Brazil grain agreement could cause U.S. wheat exports to Brazil to fall well below the annual average for the last 5 years of 2.4 million tons. Last year, Brazilian wheat production reached a record 4.3 million tons--one reason U.S. wheat exports to that country were the lowest in almost 10 years.

**Canada: Canadian wheat exports in 1986/87 (July/June) are estimated at 19.5 million tons, up 2.5 million tons from last year, as a result of projected record production. This and lower export prices due to reduced initial payments, could increase competition faced by U.S. wheat in foreign markets. The Canadian government has already prepared for another aggressive export program by proposing an increase in consumer wheat prices and adjusting other government programs to make Canadian wheat more competitive in world markets. A rise in the domestic wheat price, if approved, would increase funds available to the Canadian Wheat Board (CWB) and, thus, give the Board more latitude in marketing wheat overseas.

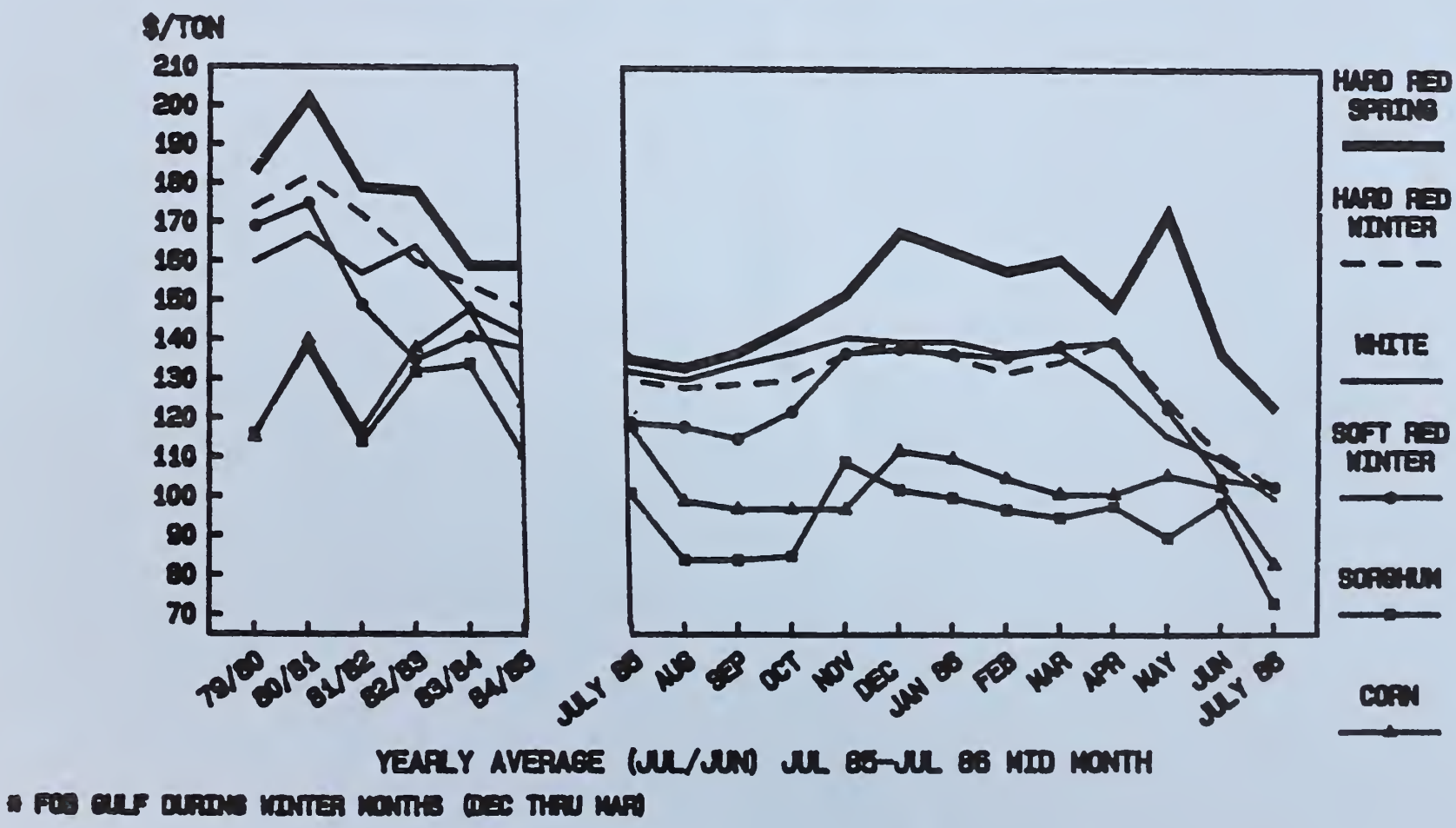
Canadian Wheat Exports by Major Destination
(July/June - 1,000 MT)

Country	1982/83	1983/84	1984/85	1985/86 1/
USSR	6,970	5,780	7,640	4,340
China (PRC)	4,415	3,740	2,740	2,310
EC	1,845	2,010	1,250	1,190
Japan	1,380	1,400	1,385	1,130
Brazil	1,465	1,435	1,185	810
Other	5,295	7,400	5,200	5,120
Total	21,370	21,765	19,400	14,900

1/ Exports through May.
Source: Exporter Data

**Saudi Arabia: This year, Saudi Arabia could be a net wheat exporter for the first time ever, thus increasing competition for U.S. wheat, particularly in Middle East markets. In an effort to diminish its large wheat stocks, Saudi Arabia has donated 200,000 tons of wheat to Egypt and has sold 50,000 tons to Sri Lanka and Indonesia. The Saudis could also supply Bahrain with 40,000 tons--equal to that country's total annual wheat import demand. With expectations for a record wheat crop of 2.0 million tons this year, further Saudi sales at highly subsidized prices, as well as, outright donations are likely. Saudi wheat production since 1983 has almost tripled, as a result of larger subsidies for production inputs and a highly subsidized producer price. Whether Saudi Arabia will continue to produce wheat at such tremendous costs remains to be seen.

**Australia: The opening of a new Australian research flour mill will allow Australia's wheat customers to fully assess the commercial milling performance of a wide variety of Australian wheats, and given today's increasingly competitive global wheat market, could assist in selling wheat. The mill can simulate milling operations found around the world and is capable of producing flour at commercial rates of about 270 pounds per hour. This will be substantial improvement over the 15 pound-per-hour capacity of the present research facility.



EXPORTER PROMOTION ACTIVITIES

**Colombia: Two projects totaling $1.1 million have been planned to counter the adverse impact of unfair trade practices on U.S. wheat exports. In Colombia, $500,000 will be spent on promotional activities aimed at increasing consumer demand for U.S. wheat products. Columbia is an important U.S. market in South America, importing about 550,000 tons of U.S. wheat annually. The second project is targeted at other developing countries to be determined later. Under this project, U.S. wheat will be milled and distributed to bakeries for use in demonstrating its baking qualities.

CCC Credit

U.S. WHEAT/FLOUR TRADE WITH SELECTED COUNTRIES
UNDER CCC GUARANTEE PROGRAMS 1/

	FY 1985		FY 1986		
	Guarantees Approved	Est. Quantity Shipped	Programs Announced	Programs Approved	Estimated Quantity Purchased 2/
	-$ Millions-	--1,000 Tons--	-----$ Millions-----		----1,000 Tons----
Algeria	--	--	$70.1	--	--
Bangladesh ..	$42.1	280.7	--	--	--
Brazil	$272.5	1,816.7	$150.0	$25.5	112.9
Chile	$59.5	396.7	$42.0	--	--
Colombia	$79.0	526.7	$96.0	$15.2	108.6
Ecuador	$32.6	217.3	$55.0	$39.3	280.7
Egypt	$77.6	464.0	$120.0 4/	$99.2	604.2
Guatemala ...	$16.1	107.3	$3.5	$3.5	25.0
Haiti	$7.5	50.0	$7.5	$5.0	35.7
Iraq	$88.5	590.0	$130.0 4/	$106.5	738.7
Jamaica	$4.2	28.0	$7.5 4/	$1.1	7.9
Jordan	$19.9	132.7	$54.0	$6.3	45.0
Korea	$108.9	726.0	$155.0	$116.5	832.1
Morocco	--	--	$150.0	$101.2	722.9
Pakistan	$40.1	267.3	$45.0	--	--
Philippines .	$43.2	288.0	--	--	--
Portugal	$97.0	646.7 3/	$73.0	$27.9	199.3
Tunisia	--	--	$7.0	--	--
Turkey	$10.1	67.3	$120.0	$59.2	422.9
Yemen	-- 5/	--	$40.0 4/	$6.6	47.1
TOTAL.....	$998.8	6,605.4	$1,255.5	$613.0	4,183.0

1/ Includes GSM-102 as of July 3, 1986.
2/ Estimated quantity purchased with Approved Funds based on $140 per ton for wheat and $190 per ton for wheat flour.
3/ Wheat or feed grains.
4/ Wheat and wheat flour.
5/ $20 million allocated.

PL-480

FY 1986 PUBLIC LAW TITLE I/III
COUNTRY AND COMMODITY ALLOCATIONS
July 16, 1986

Countries with $790 or Less Per Capita GNP	TOTAL ($Millions)	----- (1,000 Tons Grain Equivalent) ---- WHEAT/FLOUR	RICE	FEEDGRAINS
Bangladesh ..	$70.0	308.0	35.0	--
Bolivia	$20.0	180.0	--	--
Egypt	$213.0	1,557.0 1/	--	--
El Salvador .	$44.0	148.0	--	--
Ghana	$6.0	--	5.0	--
Guinea	$6.0	--	20.0	--
Guyana	$3.0	25.0	--	--
Haiti	$15.0	78.0	--	--
Honduras	$15.0	86.0	--	--
Indonesia ...	$30.0	250.0	--	--
Kenya	$10.0	55.0	11.0	--
Liberia	$11.0	--	48.0	--
Madagascar ..	$8.0	--	14.0	--
Morocco	$40.0	356.0	--	--
Mozambique ..	$10.4 2/	34.0	10.0	29.0
Pakistan	$50.0	--	--	--
Philippines .	$35.0	267.0	--	--
Senegal	$9.5	--	42.0	--
Sierra Leone	$8.0	18.0	29.0	--
Somalia	$16.5 3/	29.0 1/	20.0	--
Sri Lanka ...	$26.0	193.0	--	--
Sudan	$45.0 4/	327.0 1/	--	--
Yemen	$10.0	44.0	13.0	--
Zaire	$20.0	100.0	--	--
Zambia	$10.0	37.0	--	--
SUBTOTAL ..	$731.4	4,092.0	247.0	29.0
Countries over $790 Per Capita GNP				
Costa Rica ..	$18.7	120.0	--	--
Dominican Rep	$30.0	90.0	48.0	--
Ecuador	$5.0	48.0	--	--
Guatemala ...	$19.0	92.0	--	--
Jamaica	$35.0	93.0	28.0	104.0
Peru	$20.0	120.0	35.0	--
Tunisia	$5.5	--	--	56.0
SUBTOTAL ..	$133.2	563.0	111.0	160.0
Total Allocated ...	$864.6	4,655.0	358.0	189.0
Unallocated Reserve	$15.1	--	--	--
Total Program	$879.7	--	--	--

1/ All or some portion in wheat equivalent of flour.
2/ Also, $3.5 million has been designated for ocean freight financing.
3/ Also, $4.1 million has been designated for ocean freight financing.
4/ Also, $9.0 million has been designated for ocean freight financing.

Status of the Export Enhancement Program
as of July 18, 1986

Country	Date Announced	Commodity	Amount Offered (MT)	Amount Purchased (MT)
Algeria	June 4	Wheat	1,000,000	1,000,000
	Apr. 10	Wheat	1,000,000	-----
	Feb. 11	Semolina	250,000	-----
	Feb. 25	Wheat Flour	100,000	-----
	Apr. 17	Barley	500,000	-----
Benin	Apr. 7	Wheat	45,000	10,000
Egypt	July 2	Wheat Flour	600,000	600,000 1/
	July 26	Wheat	500,000	500,000
	Oct. 30	Wheat	500,000	512,500
	June 24	Wheat	500,000	252,000
Iraq	Dec. 9	Wheat Flour	150,000	75,000 1/
Israel	June 17	Barley	200,000	-----
Jordan	Nov. 8	Rice	40,000	22,700
	Mar. 19	Wheat	75,000	75,000
	June 17	Barley	60,000	-----
	June 20	Wheat	75,000	75,000
Morocco	Sep. 30	Wheat	1,500,000	890,000
Nigeria	Dec. 10	Barley Malt	100,000	4,400 1/
Philippines	Nov. 15	Wheat Flour	100,000	50,000 1/
	Jan. 6	Wheat	150,000	152,400
Saudi Arabia	May 7	Barley	500,000	200,000
Senegal	July 17	Wheat	100,000	
Sri Lanka	May 16	Wheat	125,000	50,000
Syria	Apr. 8	Wheat	700,000	-----
Tunisia	Mar. 18	Wheat	300,000	50,000
Turkey	Oct. 16	Wheat	500,000	506,600
	May 8	Wheat	500,000	
Yemen	Aug. 20	Wheat Flour	50,000	31,500 1/
	Apr. 14	Wheat Flour	100,000	-----
	Sep. 6	Wheat	100,000	50,000
	Apr. 14	Poultry Feed	150,000	-----
Yugoslavia	Apr. 10	Wheat	200,000	200,000
	June 24	Wheat	200,000	120,000
Zaire	Nov. 18	Wheat Flour	64,000	64,000 1/
	Dec. 27	Wheat	40,000	40,000
	May 15	Wheat	40,000	40,000
	May 15	Wheat Flour	30,000	15,000

Commodity Totals	Amount Offered (MT)	Amount Purchased (MT)
Wheat	8,150,000	4,523,500
Flour 1/	1,194,000	835,500
Semolina	250,000	-----
Rice	40,000	22,700
Barley Malt 1/	100,000	4,400
Poultry Feed	150,000	-----
Barley	1,260,000	200,000

1/ Not in grain equivalent.

CORN AND SORGHUM

LATEST U.S. EXPORT FORECAST, SHIPMENTS, AND SALES

Export Forecast: The 1986/87 (September/August) U.S. corn export forecast as of July 11, declined 1.9 million tons to 39.4 million tons; the sorghum export forecast fell 500,000 tons to 6.1 million tons. The July corn export estimate for 1985/86 also fell 1.9 million tons to 31.1 million tons, while the sorghum export estimate remained unchanged at 4.4 million tons. Larger than expected corn supplies from other origins, increased competition in major Asian and Latin American markets, and continued pressure from subsidized or heavily discounted feed wheat have caused the lower corn estimate.

Shipments and Sales: Corn shipments for the 4-week period ending July 17 equaled the total of the previous 4-week period, with Japan (358,000 MT) and the USSR (282,000 MT) the major destinations. This was the lowest monthly total of U.S. shipments to Japan in the last several years. Corn sales were up slightly, but lag behind last year's cumulative pace by about 30 percent; Japan (746,000 MT) was the only major buyer. Sorghum shipments for the 4-week period were double the previous period, with Venezuela (260,000 MT) the major destination. Sales were down slightly and well behind last year's cumulative pace; Venezuela (95,000 MT) and Israel (95,000 MT) were the major buyers.

U.S. CORN and SORGHUM SHIPMENTS, SALES, and INSPECTIONS
(SEPTEMBER/AUGUST--MILLION TONS)

------ Monthly SHIPMENTS ------

For Period Ending	CORN 84/85	CORN 85/86	SORGHUM 84/85	SORGHUM 85/86
Apr. 17	4.1	1.8	0.4	0.2
May 22	4.2	1.3	0.4	0.3
June 19	2.3	1.3	0.3	0.2
July 17	2.3	1.3	0.2	0.4
Cumulative for MY.	42.9	29.8	6.0	4.0

------ Monthly SALES 1/ ------

For Period Ending	CORN 84/85	CORN 85/86	SORGHUM 84/85	SORGHUM 85/86
Apr. 17	2.6	1.1	0.4	0.4
May 22	2.5	2.1	0.2	0.4
June 19	2.6	1.3	0.7	0.4
July 17	2.5	1.4	0.6	0.3
Cumulative for MY.	50.0	34.5	7.6	4.5

Weekly and Annual INSPECTION Rates

	CORN MT	CORN BU	SORGHUM MT	SORGHUM BU
Week Ending July 10	0.3	10.6	0.1	4.0
Week Ending July 17	0.2	7.9	0.1	4.1
Cumulative Since Begin MY ...	27.9	1097	3.3	130
Official Estimate for 1985/86 (Grain only)	31.1	1225	4.4	175
Implied Weekly Average	0.6	23.6	0.1	3.4
Weekly Average for Latest Six Weeks	0.3	11.1	0.1	2.9
Marketing Year-to-Date Weekly Average	0.6	23.8	0.1	2.8
MY Year-to-Date Average Extrapolated Annually	31.5	1240	3.7	147
Weekly Average Required during Remainder of MY to Achieve Official Estimate ...	0.5	21.3	0.2	7.5
Weeks Remaining	6			

1/ Sales made since the beginning of the applicable marketing year, including sales for shipment in the next marketing year.

SOURCE: Shipments and sales data from U.S. Export Sales. Inspections data from the Federal Grain Inspection Service.

IMPORTER BUYING ACTIVITY

Importer buying activity was slow again this past month, although Chinese sales to South Korea continued.

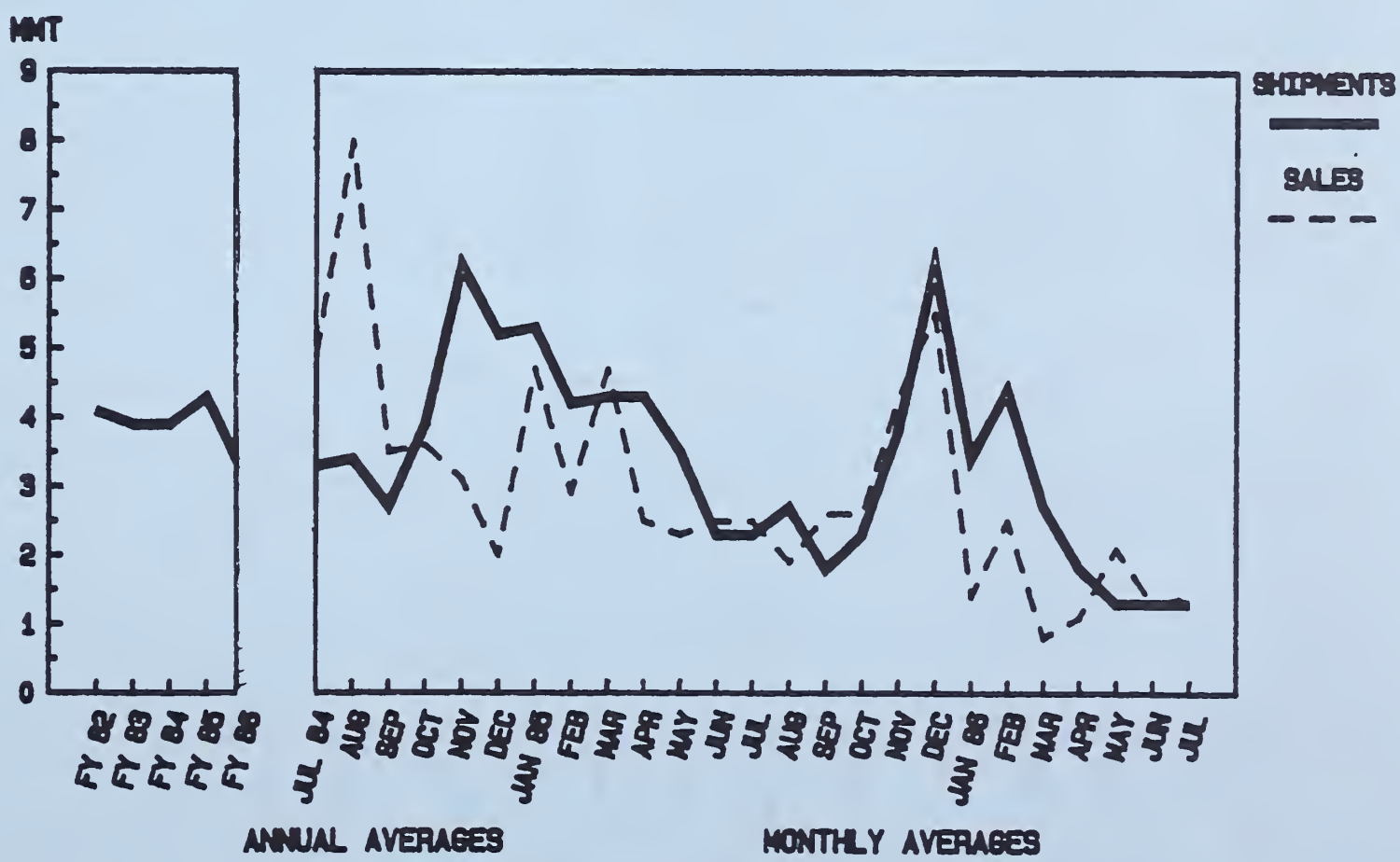
RECENT CORN and SORGHUM IMPORTER BUYING ACTIVITY
REPORTED between JUNE 20, 1986 and JULY 18, 1986 1/

Date of Purchase	Buyer	Origin	Quantity (tons)	Grade 2/	Price Range 3/ ($US per ton)	Delivery Period 4/
7/8	Israel	U.S.	25,401	U.S. Corn	$83.06	Aug/Sept
7/14	S. Korea	U.S.	40,000	U.S. Corn	$92.95 C&F	July/August
7/18	S. Korea	China	50,000	Chinese Corn	$85.00 C&F	Aug/Sept

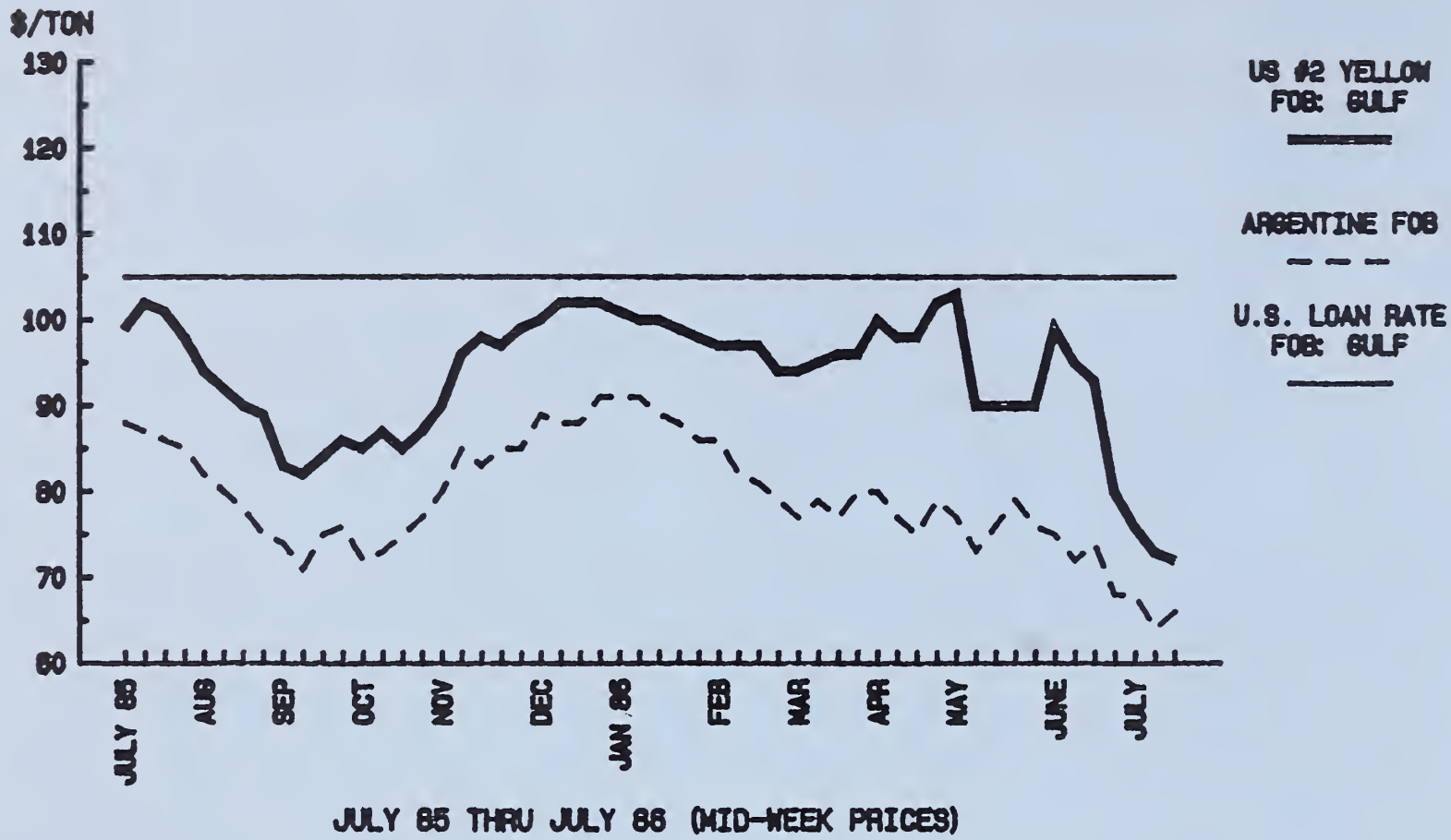
1/ Does not include PL-480 sales.
2/ YC=#3 Yellow Corn unless otherwise stated, and YS=Yellow Sorghum
3/ FOB unless otherwise noted.
4/ FH denotes first half; LH, last half.

SOURCE: Unofficial market news reports.

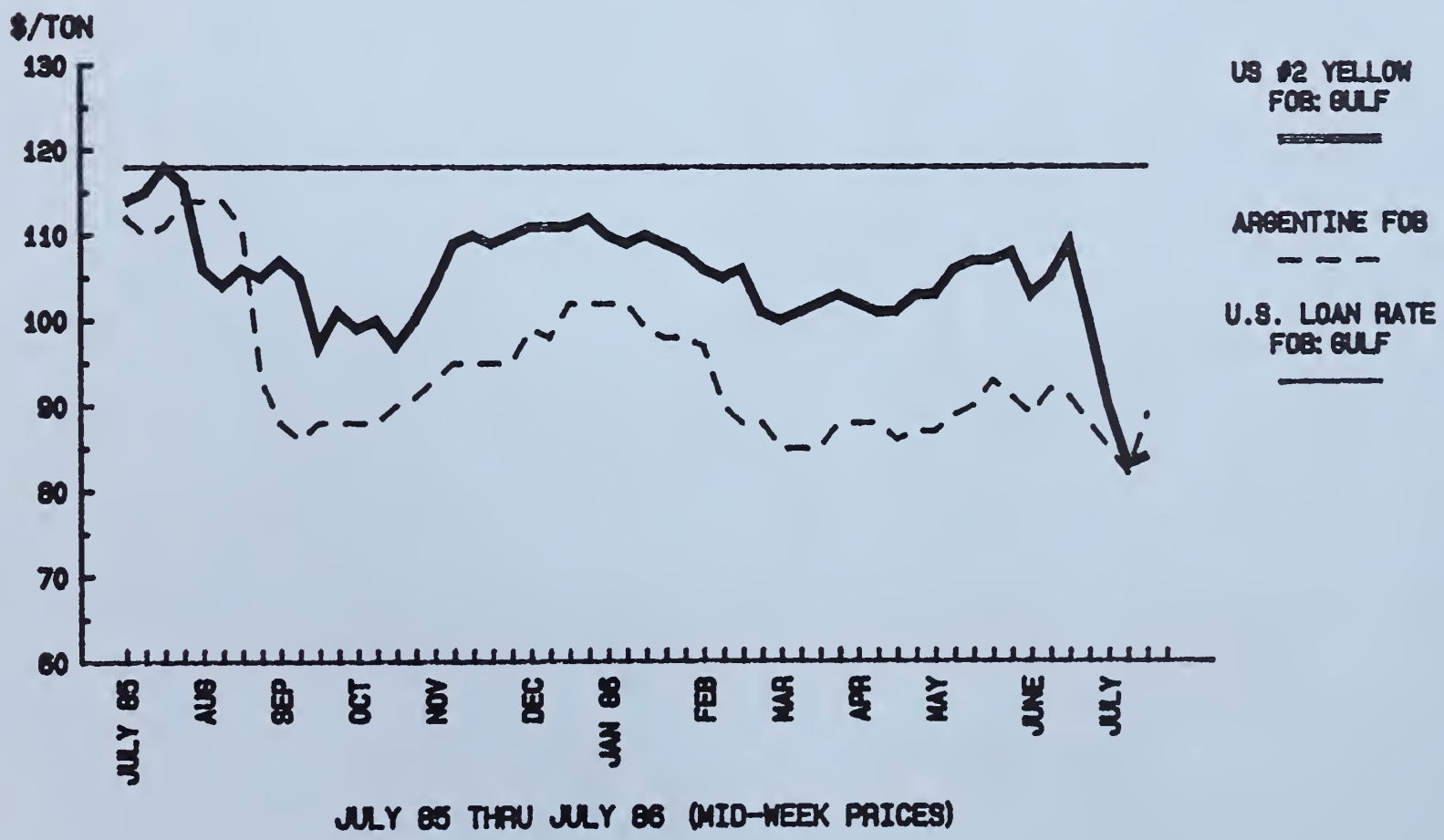
U.S. CORN SHIPMENTS AND SALES
ANNUAL MONTHLY AVERAGES FOR FY 1982 - 1986 (PROJ)
AND MONTHLY FROM JULY 1984 - JULY 1986



SORGHUM EXPORT PRICES
U.S. AND ARGENTINE



CORN EXPORT PRICES
U.S. AND ARGENTINE



DEVELOPMENTS AFFECTING U.S. EXPORTS

Other Exporting Countries' Selling Activities and Competitive Practices

**Summary: Major competitor shipments of corn and sorghum during the 4-week period ending July 17, were down slightly from the previous period and lag last year's cumulative pace by about 7 percent.

CORN and SORGHUM SHIPMENTS by MAJOR EXPORTING COUNTRIES
RECENT MONTHS and SEASON TOTALS for 1984/85-1985/86
(OCTOBER/SEPTEMBER--MILLION TONS)

	- SORGHUM -		---------- CORN ----------					
	ARGENTINA		ARGENTINA		THAILAND		--- TOTAL ---	
For Period Ending 1/	84/85	85/86	84/85	85/86	84/85	85/86	84/85	85/86
Apr. 20	0.5	0.3	1.5	1.5	0.2	0.4	2.2	2.2
May 22	0.8	0.2	1.7	1.4	0.1	0.2	2.6	1.8
June 19	0.6	0.4	1.1	1.2	#	0.2	1.7	1.8
July 17	0.5	0.2	0.9	1.1	0.1	0.2	1.5	1.5
Cumulative Since October 1	3.0	1.7	6.3	6.4	2.5	2.8	11.8	10.9
Total for Season 2/	3.4	2.2	7.1	9.5	3.0	3.5	13.5	15.2

1/ Or nearest date.
2/ Forecast for 1985/86.
- Less than 0.1, N/A - Data not available.

**Yugoslavia: Yugoslavia's 1986/87 (October/September) corn exports could reach a record level for the second year in a row and lead to increased competition for U.S. corn exports, primarily in Soviet and East European markets. Improved prospects for a record crop, substantial carry-in stocks and liberalization of corn exports are behind the record export forecast. According to trade sources, Yugoslavian corn sales in 1985/86 may already total 1.5 million tons. Prior to 1982/83, Yugoslavia was an erratic corn supplier, never exporting more than 500,000 tons in a good year.

Yugoslavian Corn Supply and Demand
(October/September - 1,000 MT)

Year	Beg. Stocks	Production	Consumption	Exports
1982/83	2,250	11,125	9,745	1,100
1983/84	2,530	10,720	10,050	1,080
1984/85	2,120	11,290	9,695	735
1985/86 1/	2,980	9,890	9,200	1,200
1986/87 2/	2,470	11,500	9,500	1,500

1/ Estimate. 2/ Forecast.
Source: USDA

**China: The continuing strong pace of Chinese corn shipments has further eroded U.S. market opportunities for corn, particularly in the USSR, South Korea, and Japan. Through the first half of 1985/86 (October/September), China has reportedly shipped more than 2 million tons of corn to Japan and South Korea and a least a million tons to the Soviet Union. As a result, China is now expected to export a record 5.5 million tons of corn in 1985/86, up a million tons from last month's estimate. In comparison, prior to 1984/85 China never exported more than 400,000 tons of corn in a year.

Competitive Developments in Selected Foreign Markets

**European Community: The U.S. and EC reached an interim agreement concerning Spanish imports of non-EC grains. Under the agreement, Spanish imports of U.S. corn, sorghum and NGFIs will be monitored through 1986. If monthly Spanish imports of these commodities during that period fall below 234,00 tons, the shortfall can be imported by the EC-11 (excluding Portugal) between January and March 1987, at a yet to be determined reduced levy. However, imports under the reduced levy will not be limited to U.S. origin, although it is likely the bulk will be supplied by the United States, since it is normally the only major source of corn and sorghum between December and March. Spain has purchased virtually no U.S. corn or sorghum since its accession to the EC five months ago, and purchases are likely to be minimal until 1987 when the reduced levy becomes effective. In contrast, during the 5 years prior to accession, Spain imported an average of 3.5 million tons of U.S. corn annually, making it one of the top five U.S. corn export markets.

U.S. CORN and SORGHUM EXPORT COMMITMENTS to MAJOR DESTINATIONS
(OCTOBER/SEPTEMBER -- 1,000 TONS) 1/

Destination:	1982/83 Total Exports	1983/84 Total Exports	1984/85 Total Exports	1984/85 Committed as of 7/18/85	1985/86 Committed as of 7/17/86
-- CORN --					
EC-12	8,446	7,989	5,959	4,709	2,962
Other W. Europe	302	181	84	176	23
Eastern Europe	1,333	704	606	582	998
USSR	3,100	6,283	14,400	15,749	6,809
China	2,161	30	0	0	0
Japan	13,180	13,781	11,175	11,086	9,132
Taiwan	3,000	2,694	3,079	3,164	2,703
Rep. of Korea .	3,908	2,972	1,454	1,392	1,070
Egypt	1,516	1,303	1,399	1,237	1,363
Canada	333	259	401	245	26
Mexico	4,091	2,808	1,420	1,263	1,459
Venezuela	892	1,140	653	637	0
Others	5,220	7,133	6,045	4,876	3,825
TOTAL	47,482	47,277	46,675	45,116	30,369
-- SORGHUM --					
Spain	104	465	45	45	14
Other W. Europe	258	135	111	97	25
Japan	741	1,505	2,340	2,549	2,304
Israel	341	574	503	560	458
Mexico	3,260	2,758	2,156	1,972	291
Venezuela	243	206	1,033	993	815
Others	456	583	1,361	597	263
TOTAL	5,403	6,226	7,549	6,813	4,170

1/ Sales plus accumulated exports, excluding sales for next marketing year.

SOURCE: U.S. Bureau of Census and U.S. Export Sales.

Internal Price Policies of Foreign Countries

**Egypt: In a first step towards shifting corn importation from the exclusive domain of the Egyptian government towards private trader participation, Egypt has almost doubled the resale price of imported corn. Due to the increasing cost of subsidization, the Egyptian government apparently would eventually like to do away with government corn imports and subsidized corn.

Egyptian corn users currently face two corn prices, the subsidized resale price of government imports and the internal market price of domestically grown corn. Eventual elimination of subsidized imports will lead to an increase in the resale price of imported corn, but non-restricted private trade should lead to a decline in the domestic corn price as supplies become more readily available. In light of the limited potential for increased domestic corn production, the greater availability of imports, and the government's promise to maintain its high producer support price for poultry, demand for imported corn could increase, despite its higher price. Since 1979/80 (October/September), Egyptian corn imports have doubled to an estimated 1.8 million tons in 1985/86, with the U.S. supplying almost 95 percent of Egypt's annual corn imports during that time.

Egyptian Corn Supply and Demand
(January/December - 1,000 MT)

Year	Production	Feed Consumption	Total Consumption	Imports 1/
1981/82	3,232	1,700	4,200	1,350
1982/83	3,347	3,200	4,600	1,510
1983/84	3,510	3,800	5,100	1,500
1984/85	3,700	5,600	6,250	1,700
1985/86 2/	3,700	4,950	5,580	1,750

1/ Trade is on an October/September year.
2/ Estimate.
Source: USDA

**Canada: The Canadian government will begin an investigation of whether U.S. corn exports are subsidized, which could lead to a countervailing duty (CVD) being applied to imported U.S. corn. Such a duty, which would be the first ever applied by Canada to U.S. grain, could disrupt U.S. corn exports to Canada, but more importantly, could set a precedent for other countries to initiate similar investigations. In the 1970's, in order to encourage the expansion of its corn production and cut back imports, Canada imposed a variable levy on corn imports. Since then, their production has increased from 2.6 million tons in 1970 to 7.4 million tons in 1985.

According to Canadian law a preliminary determination (PD) of subsidization must be made within 90 days of the start of the investigation and a final determination within 90 days of the PD. If the PD is affirmative, a Canadian import tribunal has 120 days to issue its final decision on injury. However, a provisional duty could be applied to imported U.S. corn as early as the date of the PD.

EXPORTER PROMOTION ACTIVITIES

**Algeria: A 3-year, $9-million export market program to develop Algeria's livestock and poultry production, and thereby, increase demand for U.S. agricultural products, including feed grains, was announced this past month. Algeria currently fills much of its demand for livestock and dairy products with subsidized EC imports, which have slowed the growth in demand for feed grains. By improving Algeria's own livestock and poultry sectors, demand for U.S. feed grains could increase. Algeria is currently forecast to import about 1.5 million tons of coarse grains in 1986/87 (October/September).

SUPPORTING DATA FOR COVER

U.S. AND COMPETITOR WHEAT TRADE INDICATORS 1/

	PRICES 2/		SHIPMENTS 3/	
	U.S. #2 HRW	COMPETITOR AVERAGE 2/	UNITED STATES	COMPETITORS
	$/MT		THOUSAND MT	
July-February Average	131.4	128.9	1996	4166
March 1986	135.8	131.3	1954	3973
April	125.0	129.2	1493	3454
May	115.5	126.3	1294	4290
June	107.8	112.6	2194	3714
July	103.5	107.1	2914	3818

1/ Wheat excluding flour. Competitors include Argentina, Australia, Canada and European Community.
2/ For 30 day shipment; i.e., April prices generally reflect May shipment. Average of Canadian CWRS, Australian white, Argentine wheat and French soft milling wheat; prices on FOB basis and not adjusted for quality differences, and thus are not precisely comparable.
3/ Competitor shipment data for May-July, and U.S. shipment data for July are preliminary.

BARLEY, OATS AND RYE

Export Forecast: The 1986/87 (June/May) U.S. barley export forecast as of July 11, remained unchanged at 980,000 tons.

U.S. EXPORTS
(June/May - 1,000 MT)

Grain	1984/85	1985/86 1/	1986/87 2/
Barley	1,676	479	980
Oats	15	30	30
Rye	10	5	15

1/ Estimated. 2/Projected.

U.S. BARLEY EXPORT COMMITMENTS to MAJOR DESTINATIONS
(JUNE/MAY -- 1,000 TONS) 1/

Destination	1983/84 Total Exports	1984/85 Total Exports	1985/86 Total Exports	1985/86 Committed as of 7/18/85	1986/87 Committed as of 7/17/86
EC-12	375	86	--	--	--
Other W. Europe	88	43	--	1	--
Eastern Europe.	112	--	60	--	--
Taiwan	223	208	74	50	25
Japan	344	272	141	65	32
Others	792	951	106	75	200
TOTAL.....	1,934	1,560	381	191	257

1/ Sales plus accumulated exports, excluding sales for next marketing year.

SOURCE: U.S. Bureau of Census and U.S. Export Sales.

DEVELOPMENTS AFFECTING U.S. EXPORTS

Other Countries' Selling Activities and Competitive Practices

**Summary: Major barley exporter shipments (excluding Australia) during the 4-week period ending July 17, were down 200,000 tons from the previous period. Cumulative shipments are down a million tons from the same period last year.

BARLEY SHIPMENTS by MAJOR EXPORTING COUNTRIES
RECENT MONTHS and SEASON TOTALS for 1984/85-1985/86
(OCTOBER/SEPTEMBER--MILLION TONS)

For Period Ending 1/	- AUSTRALIA -		--- CANADA --		- FRANCE 2/ -		-- U.K. 2/ --		-- TOTAL --	
	84/85	85/86	84/85	85/86	84/85	85/86	84/85	85/86	84/85	85/86
Apr. 20	0.6	0.2	0.2	0.4	0.2	0.3	0.2	0.2	1.3	1.1
May 22	0.3	0.2	0.1	0.5	0.3	0.1	0.3	0.1	1.0	0.9
June 19	0.4	NA	0.1	0.5	0.3	0.1	0.2	0.4	1.0	NA
July 17	0.4	NA	0.1	0.4	0.1	0.2	0.1	0.2	0.7	NA
Cumulative Since October 1	4.3	3.0	2.0	3.1	2.0	1.7	2.0	1.5	10.3	9.3
Total for Season 3/	4.7	4.0	2.5	3.5	2.1	2.0	2.3	1.7	11.6	11.2

1/ Or nearest date.
2/ Excludes intra-EC trade.
3/ Forecast for 1985/86.
- Less than 0.1, N/A - Data not available.

OTHER DEVELOPMENTS AFFECTING U.S. EXPORTS

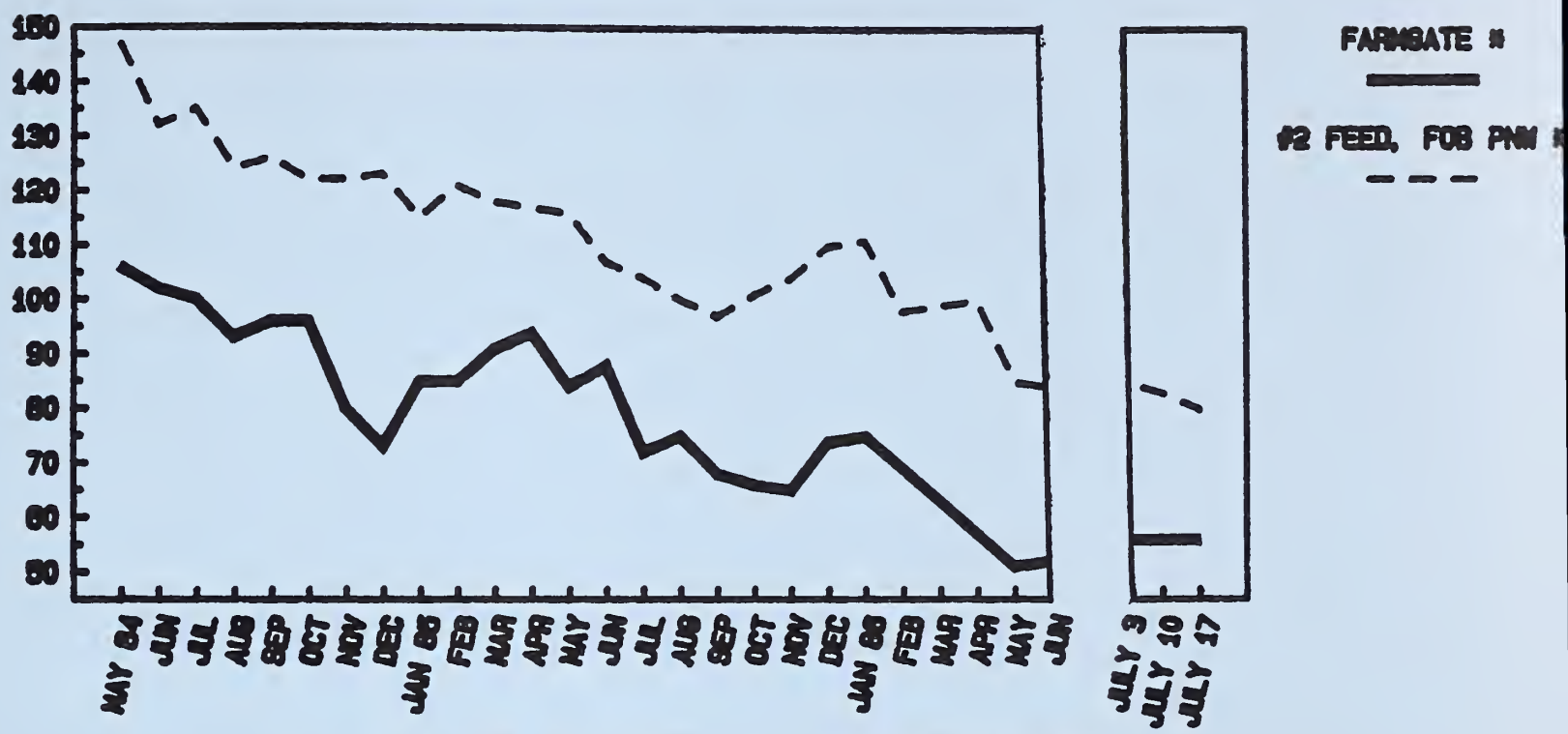
Saudi Arabia: A possible reduction in Saudi Arabia's barley import subsidy, linked with an increase in its production subsidy could lead to reduced barley imports and increased domestic production. Saudi Arabia is currently the world's largest barley importer accounting for over one third of world trade, and any appreciable decline in Saudi barley imports would free EC, Australian, and Canadian barley to compete with U.S. coarse grains in other markets. The affect on barley output due to an increase in the production subsidy could be substantial. Subsidization of wheat production increased Saudi output more than a million tons in 5 years and transformed Saudi Arabia from a wheat importer to a potential net wheat exporter. Saudi Arabia currently imports between 4.5 to 5.0 million tons of barley annually.

Saudia Arabian Barley Imports
(October/September - 1,000 tons)

Origin	1982/83		1983/84		1984/85		1985/86 1/	
	TMT	%	TMT	%	TMT	%	TMT	%
EC-10	600	(48)	2,220	(45)	2,000	(41)	940	(21)
Spain	0	(0)	0	(0)	825	(17)	785	(17)
Australia	135	(11)	890	(18)	1,590	(32)	1,870	(42)
Canada	0	(0)	30	(1)	50	(1)	785	(17)
Other	525	(59)	1,760	(36)	435	(9)	110	(3)
Total	1,260		4,900		4,900		4,490	

1/ Exports through May 1986.
Source: Exporter Data.

U.S. FEED BARLEY PRICES
INTERIOR AND EXPORT POSITIONS



JUL 84 TO JUL 86 MID-MONTH JUL MID-WEEK PRICES

**NO QUOTE FOR FEBRUARY THRU APRIL
***NO QUOTE FOR MARCH

RICE

LATEST U.S. EXPORT FORECAST, SHIPMENTS, AND SALES 1/

Export Forecast: The estimate for the 1985/86 marketing year remains unchanged at 1.775 million metric tons. Reflecting sharply higher sales, the forecast for the 1986/87 marketing year was increased to 2.6 million tons, and the forecast for CY 1987 has also been set at 2.6 million tons.

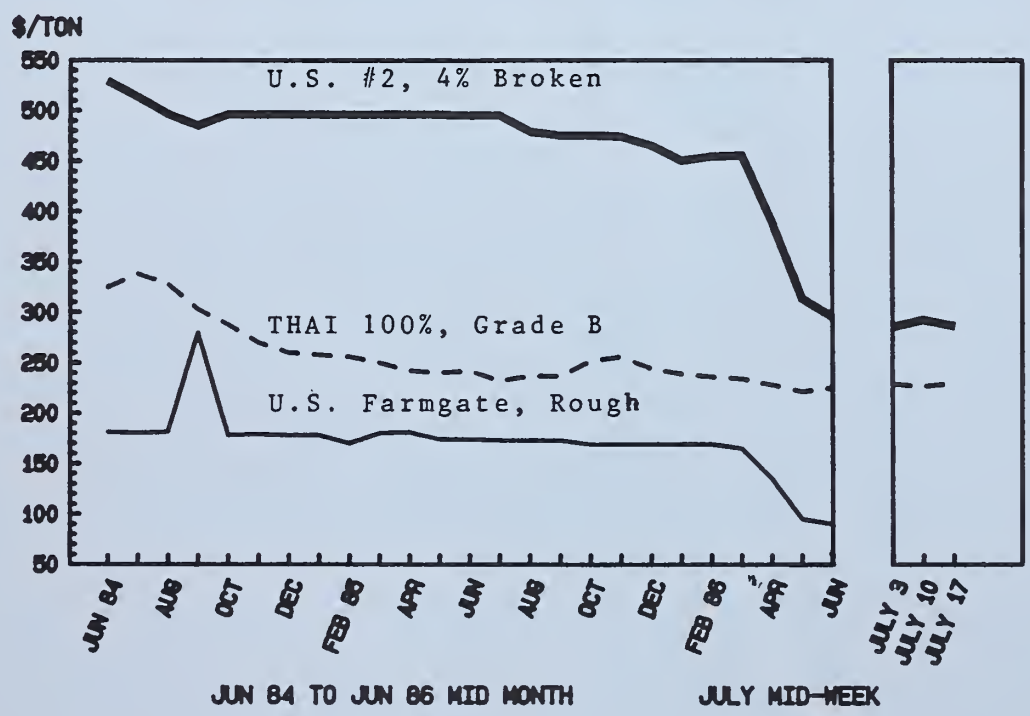
Shipments and Sales: U.S. rice exports during the 4-week period ending July 17 totaled 231,300 tons, up sharply from the previously reported four-week total of 128,700 tons. Major destinations included Iraq, Somalia, and Jordan. Cumulative shipments for the 1985/86 marketing year through July 17 totaled 1,620,400 tons, or about 18 percent below the level of shipments for the same period a year ago. During the 4-week period ending July 17, registrations of new export sales for delivery in the current marketing year were 311,900 tons, more than double the previous 4-week total of 153,000 tons, and the highest level in recent years. Export commitments for 1985/86 delivery now total 1,792,300 tons, or approximately 10 percent below the 1,987,200 tons registered as of this date last year. Export commitments for the 1986/87 marketing year now stand at 252,000 tons.

1/ Shipments and sales are on a product basis.

Weekly U.S. Rice Exports
(Metric Tons)

Week Ending	Actual	4-Week Moving Avg.
Jun 26	79,400	49,750
Jul 3	52,800	46,225
Jul 10	44,700	51,025
Jul 17	54,400	57,825

RICE PRICES
US AND THAI (C&F ROTTERDAM) AND US FARM



IMPORTER BUYING ACTIVITY

Buying activity slowed from the previous month, though June purchases by Brazil were still being covered by traders. Major purchases in the past month included 20,000 tons by Chile, 15,000 tons by Brazil, 10,000 tons by Benin, and 36,000 tons by Madagascar; all from Thailand. The Netherlands purchased 94,000 tons, Iraq bought 90,000 tons under the GSM-102 Credit Program, and Bangledesh bought 63,000 tons under the PL-480 program from the United States.

OTHER DEVELOPMENTS AFFECTING U.S. EXPORTS

Rice prices posted by the Thai Board of Trade have remained essentially steady over the past month, with prices for 100 percent grade B at $220 per ton. Actual export prices of 100 percent grade B and parboiled 5 percent climbed to $182-$185 and $150, respectively, from the levels of $180 and $140 per ton reported last month. Last year at this time, 100 percent B was selling at $194 per ton, while parboiled 5 percent was available at $177 per ton. A-1 Special broken rice is at $102-$104 per ton.

On the Rotterdam market, U.S. #2/4 percent long grain now sells for $286 per ton c.&f., while Thai 100 percent B (bulk) is at $230 per ton c.&f. U.S. bulk brown now sells for about $195 per ton c.&f., compared to $195 per ton c.&f. for Thai brown.

The large purchases made by Brazil continued to lend strength to the long grain market, as both Thai and U.S. prices (including the USDA announced World Price) increased.

SELECTED RECENT RICE IMPORTER BUYING ACTIVITY
REPORTED BETWEEN JUNE 26 AND JULY 24, 1986

Buyer	Origin	Quantity 1,000 Tons	Quality 1/	Price $/MT 2/	Delivery Period	Date of Report
Africa	Thailand	4.5	P 5%	143.00	N/A	7/16
Benin	Thailand	10.0	A-1 S	N/A	N/A	7/24
Brazil	Thailand	15.0	10%	170.00	N/A	7/24
Cameroon/Nigeria	Thailand	11.6	P 5%	140.00	N/A	7/16
Chile	Thailand	20.0	100% B	N/A	N/A	7/16
Dubai	Thailand	1.0	5%	N/A	N/A	7/24
Iraq	U.S.	90.0	2/4 LG	212-215.00	N/A	7/20
Israel	Thailand	5.2	25%	N/A	N/A	7/24
Laos	Thailand	2.0	25%	N/A	N/A	7/24
	Thailand	6.0	G1 25%	N/A	N/A	7/24
Madagascar	Thailand	18.0	5%	N/A	N/A	7/16
	Thailand	18.0	15%	N/A	N/A	7/24
Netherlands	U.S.	94.0	LG	N/A	N/A	7/10
Unknown	Thailand	23.1	N/A	N/A	N/A	7/24

1/ P = Parboiled, LG = Long Grain, MG = Medium Grain, SG = Short Grain, Br = Brown, F = Fragrant, L/Bld = Long Boiled, F.Bld = Full Boiled, Gl = Glutinous, S = Super, Spec = Special.
2/ F.O.B. basis unless otherwise indicated. Price information is in many cases unconfirmed and as reported through unofficial market sources.

U.S. RICE EXPORT COMMITMENTS BY CLASS TO MAJOR DESTINATIONS

(AUGUST/JULY--1,000 TONS)

Destination	Marketing Year 4/	Long Grain Milled	Long Grain Brown 2/	Other 1/ Milled	Other 1/ Brown	Total Exports
EC-12	1982/83	1	214	15	--	230
	1983/84	29	192	2	70	293
	1984/85	10	209	7	98	331
	1985/86	1	175	2	0	178
Other W. Europe	1982/83	33	54	3	4	94
	1983/84	23	35	3	138	199
	1984/85	27	31	4	63	125
	1985/86	23	52	15	0	90
Iraq	1982/83	327	--	*	--	327
	1983/84	230	--	2	--	232
	1984/85	429	15	1	--	445
	1985/86	480	--	--	--	480
Saudi Arabia	1982/83	267	--	2	--	269
	1983/84	253	--	6	--	259
	1984/85	239	--	6	--	245
	1985/86	166	--	2	--	167
Other Middle East	1982/83	48	--	2	--	50
	1983/84	40	--	12	--	52
	1984/85	41	--	5	--	46
	1985/86	10	--	25	--	35
Republic of Korea	1982/83	--	--	*	213	213
	1983/84	--	--	*	112	112
	1984/85	--	--	--	--	--
	1985/86	--	--	--	--	--
Other Asia & Oceania	1982/83	2	--	129	--	131
	1983/84	3	--	140	--	143
	1984/85	3	--	99	--	102
	1985/86	2	--	11	152	165
Nigeria	1982/83	159	--	--	--	159
	1983/84	63	--	--	--	63
	1984/85	*	--	--	--	--
	1985/86	--	--	--	--	--
Other Africa	1982/83	148	110	153	4	415
	1983/84	95	150	136	--	381
	1984/85	116	65	278	11	476
	1985/86	192	54	144	21	410
Western Hemisphere	1982/83	137	23	86	38	284
	1983/84	156	24	109	14	303
	1984/85	137	49	13	19	218
	1985/86	226	208	12	15	461
Total 3/	1982/83	1,148	400	392	259	2,199
	1983/84	900	401	408	338	2,047
	1984/85	985	389	422	190	1,998
	1985/86	1,099	489	211	187	1,986

* Less than 500 tons.
1/ Includes short, medium, and mixed.
2/ Data not converted to a milled equivalency, and includes rough rice.
3/ Discrepancies due to rounding and changes to unknown destinations.
4/ 1985/86 year includes August 1 through July 17
Source: U.S. Export Sales Report

**Thailand: Thai exports decreased during the past 4 weeks to 315,373 tons, down from the 444,841-ton level of the previous four-week period. Calendar year exports through July 12 totaled 2,701,000 tons, 10 percent greater than the 2,430,000 tons exported by July 17 of last year.

Weekly Thai Rice Exports
(Metric tons)

Week Ending	Actual	4-Week Moving Avg.
Jun 21	85,385	104,261
Jun 28	101,929	103,538
Jul 5	60,819	90,405
Jul 12	67,240	78,843

Apparent export commitments for calendar year 1986 as of July 16 are estimated at 2,904,495 tons (as-is basis), compared with 2,869,917 tons registered at the same time last year.

**Pakistan: The Rice Export Corporation of Pakistan (RECP) reportedly exported 115,324 tons of rice in June, bringing total exports in CY 1986 to 651,448 tons. This amount compares with only 296,736 tons for the same period a year ago.

In other developments, the Federal Cabinet in late May announced new policy measures for the 1986/87 rice crop which abolish monopoly procurement by the RECP of Basmati and IRRI rice in Punjab, and remove all restrictions on domestic trading by the private sector. The new policy includes an increase in the procurement price for Basmati, while coarse rice prices remain the same. In view of the low international prices for low quality rice, production of the common IRRI-6 variety is expected to decrease in favor of Basmati and newer, higher yielding coarse varieties. The emphasis on Basmati and new rice varieties reportedly stems from the losses RECP suffers exporting IRRI-6 rice. The RECP reportedly pays $132 per ton to procure the rice from producers, and spends $40 to $50 on handling costs for rice that has been selling for $130 to $145 per ton on the world market.

The new policy may force the RECP to pay more than the support price to procure the 1.2 million tons needed if Pakistan is to continue to export at traditional levels. USDA currently forecasts CY 1986 exports by Pakistan to be 1.0 million tons.

**Brazil: Details about June rice purchases by the private importers of Brazil (on licenses issued by the Central Bank of Brazil) are not yet known. However, the amount is reportedly at least 500,000 tons of milled rice and 350,000 tons of paddy rice for July-September shipment. The purchases reportedly included 70,000 tons from China, 50,000 tons from Pakistan, 100,000 tons from Uruguay, 60,000 tons from Argentina, 80,000 tons from Thailand, and 500,000 tons from the United States of which 150,000 tons is milled. The large imports are apparently due not because of a poor crop, but for economic considerations. The GOB is currently controlling retail rice prices, and large rice supplies are meant to ensure success of the program.

**Japan: For the first time since 1960, the beginning of present rice program, the Government of Japan may reduce the producer support price. Rice consumption in Japan has been on a continuous decline since 1971. Between MY 1975 and MY 1985 (Nov/Oct marketing year), rice use has fallen from 10.7 to 9.8 million tons. This decline may be attributed to the westernization of the Japanese diet. Heavy government subsidies to rice producers resulted in large stock buildups by 1980.

In response, the government has made efforts to reduce rice production through a rice land diversion program, and four successive years of weather related poor harvests have aided the reduction plan. In 1985, the Government did not authorize an increase in the producer rice support price for the first time since 1969. Now, the Finance Ministry and the Agriculture-Fisheries Ministry are discussing the possibility of reducing the support price by 5 percent for MY 1986/87. In terms of current exchange rates, the 1985 average support price is almost $2,000 per ton. USDA forecasts the 1986/87 rice crop in Japan to be down 500,000 tons from the previous crop, to 10.1 million tons (milled basis).

**Iraq: Iraq purchased 90,000 tons of U.S. #2/4 percent broken long grain rice under the GSM-102 Credit Guarantee program in mid-July. Prices were reportedly the equivalent of $212-215 FOB gulf, for shipment in 15,000 ton cargoes to Aquaba, Jordan, and Iskerundun, Turkey.

U.S. EXPORT EXPANSION ACTIVITIES

**GSM-102: Credit Guarantees of $101.8 million remain for Iraq and $8.9 million for Jamaica. Credit lines for other eligible countries remain at allocated levels: Brazil $50.0 million, Guatemala $2.0 million, Jordan $12.0 million, and Portugal $19.0 million.

**PL-480: Over the past month, the agreement with Senegal was amended to add $4 million for rice. Purchase agreements were signed with Kenya and Ghana for FY 1986. See table below for details of the FY 1986 agreements and sales to date.

STATUS OF FY 86 TITLE I/III OBLIGATIONS
AS OF 7/25/86
(1,000 MT, $MILLION)

COUNTRY DATES	AGREEMENTS QTY	AGREEMENTS VALUE	PA'S ISSUED QTY	PA'S ISSUED VALUE	SALES QTY	SALES VALUE	TYPE & PRICE $/MT
BANGLADESH	35.0	10.0	35.0	10.0	63.3	10.0	MG 157-159
GUINEA	20.0	6.0	20.0	6.0	10.0 15.1	3.1 2.9	LG 296-308 LG 194
GHANA	5.4	1.0	5.4	1.0			
JAMAICA	22.0	8.0	26.5	6.8	11.6	6.8	B LG 296-305 B LG 160
KENYA	11.0	2.9	11.0	2.9			
LIBERIA	48.0	11.0	48.0	11.0	31.0	6.2	PB LG 196-203
MADAGASCAR	13.8	4.0	18.0	4.0	24.1	4.0	MG 166 BULK
MOZAMBIQUE	10.0	2.9	10	2.9	14.7	2.9	MG 10.8 MT 195-198 LG 3.9 MT 198-199
SENEGAL	42.0	9.5	42.0	9.5	22.4	5.5	16.8 MT MG 240-252 5.6 MT LG 245-249
SIERRA LEONE	9.0	2.0	9.0	2.0	11.6	2.0	11.6 MT LG 173
SOMALIA	17.0	4.4	17.0	4.4	24.7	4.3	14.2 MT LG 173-180 10.5 MT MG 173-178
YEMEN (YAR)	13.0	5.0	13.0	5.0	23.9	5.0	PB 2/4 LG 205-214

U.S. WHEAT, CORN, SORGHUM, BARLEY, OATS, AND RYE SUPPLY/DISTRIBUTION
MILLION BUSHELS/MILLION ACRES

	Beginning Stocks	Harvested Area	Yield	Production	Imports	Exports	Feed Usage	Total Domestic Use
Wheat								
1976/77	666	70.9	30.3	2,149	3	950	75	755
1977/78	1,113	66.7	30.7	2,046	2	1,124	192	859
1978/79	1,178	56.5	31.4	1,776	2	1,194	158	837
1979/80	924	62.5	34.2	2,134	2	1,375	86	783
1980/81	902	71.1	33.5	2,381	3	1,514	60	783
1981/82	989	80.6	34.5	2,785	3	1,771	135	847
1982/83	1,159	77.9	35.5	2,765	8	1,509	195	908
1983/84	1,515	61.4	39.4	2,420	4	1,429	369	1,111
1984/85	1,399	66.9	38.8	2,595	10	1,424	409	1,154
1985/86	1,425	64.7	37.5	2,425	15	915	287	1,050
1986/87	1,900			2,166	4	1,100	300	1,075
1987/88	1,896							
Corn								
1976/77	633	71.5	88.0	6,289	3	1,657	3,590	4,133
1977/78	1,136	70.6	92.1	6,505	3	1,909	3,717	4,298
1978/79	1,436	71.9	101.0	7,268	1	2,124	4,264	4,872
1979/80	1,710	72.4	109.5	7,928	1	2,415	4,549	5,189
1980/81	2,034	73.0	91.0	6,639	1	2,408	4,157	4,875
1981/82	1,392	74.6	108.9	8,119	1	2,010	4,169	4,966
1982/83	2,537	72.7	113.2	8,235	1	1,834	4,521	5,416
1983/84	3,523	51.5	81.1	4,175	3	1,902	3,818	4,793
1984/85	1,006	71.9	106.7	7,674	4	1,865	4,116	5,170
1985/86	1,648	75.1	118.0	8,865	5	1,225	4,150	5,280
1986/87	4,013			7,910	1	1,550	4,200	5,350
1987/88	5,024							
Sorghum								
1976/77	49	14.5	49.0	711	-	254	449	459
1977/78	47	13.8	56.6	781	-	223	436	447
1978/79	157	13.4	54.5	731	-	190	540	552
1979/80	146	12.9	62.6	807	-	330	494	506
1980/81	118	12.5	46.3	579	-	293	336	347
1981/82	57	13.7	64.0	876	-	260	416	427
1982/83	247	14.1	59.1	835	-	210	475	485
1983/84	387	10.0	48.7	488	-	245	412	422
1984/85	287	15.3	56.4	866	-	297	539	557
1985/86	300	16.7	66.7	1,113	-	175	650	680
1986/87	558			850	-	240	575	605
1987/88	563							
Barley								
1976/77	128	8.4	45.6	383	11	66	172	330
1977/78	126	9.7	44.0	428	9	57	177	333
1978/79	173	9.2	49.2	455	10	26	217	384
1979/80	228	7.5	50.9	383	12	55	204	376
1980/81	192	7.3	49.7	361	10	77	174	349
1981/82	137	9.0	52.4	474	10	100	198	372
1982/83	148	9.0	57.2	516	11	47	241	411
1983/84	217	9.7	52.3	509	7	92	283	452
1984/85	189	11.2	53.4	599	10	77	304	474
1985/86	247	11.5	51.0	589	9	22	332	499
1986/87	350			660	5	45	300	475
1987/88	325							
Oats								
1976/77	205	11.8	45.9	540	2	10	490	573
1977/78	164	13.5	55.6	753	2	12	509	594
1978/79	313	11.1	52.3	582	1	13	525	603
1979/80	280	9.7	54.4	527	1	4	492	568
1980/81	236	8.7	53.0	459	1	13	432	506
1981/82	177	9.4	54.2	510	2	7	454	530
1982/83	152	10.3	57.8	593	4	3	441	526
1983/84	220	9.1	52.6	477	30	2	466	544
1984/85	181	8.2	58.0	474	34	1	433	508
1985/86	180	8.2	63.6	519	28	2	458	541
1986/87	192			530	25	2	450	535
1987/88	183							
Rye								
1976/77	4	0.7	21.4	15	-	-	5	15
1977/78	4	0.7	24.4	17	-	-	7	17
1978/79	4	0.9	26.0	24	-	-	8	19
1979/80	9	0.9	25.7	22	-	2	7	17
1980/81	12	0.7	24.6	16	-	8	7	16
1981/82	4	0.7	26.6	18	-	2	8	18
1982/83	3	0.7	28.9	20	3	-	10	20
1983/84	6	0.9	30.3	27	2	1	12	22
1984/85	11	1.0	33.1	33	1	1	14	24
1985/86	20	0.7	28.8	21	2	1	13	24
1986/87	18			23	1	1	13	23
1987/88	19							

Notes: Commodity Years As Follows: June/May-Wheat, Barley, Oats and Rye; October/September-Corn and Sorghum.
"-" Denotes zero.

Source: World Agricultural Supply and Demand Estimates No. 193, July 11, 1986

QUANTITY and VALUE of U.S. GRAIN and FEED COMMODITY EXPORTS
IN FISCAL YEAR 1985 with COMPARISON to the PRECEDING YEAR

COMMODITY	MAY FY 85	MAY FY 86	CUMULATIVE OCT THRU MAY FY 85	CUMULATIVE OCT THRU MAY FY 86	ACTUAL EXPORTS FY 85	PROJECTED EXPORTS FY 86
WHEAT (grain only)						
Quantity (1000 tons).....	1,540	1,263	20,161	14,714	28,524	25,000
Value Per Ton (dollars).....	$156	$140	$153	$138	$149	$128
Value (in million dollars)....	$241	$177	$3,085	$2,032	$4,263	$3,200
FLOUR						
Quantity (1000 tons).....	109	65	729	988	1,070	1,800
Value Per Ton (dollars).....	$174	$154	$171	$134	$200	$170
Value (in million dollars)....	$19	$10	$125	$132	$214	$306
CORN (grain only)						
Quantity (1000 tons).....	3,461	1,180	36,835	25,273	46,276	31,955
Value Per Ton (dollars).....	$126	$107	$126	$108	$125	$110
Value (in million dollars)....	$436	$126	$4,658	$2,742	$5,771	$3,515
SORGHUM (grain only)						
Quantity (1000 tons).....	447	291	5,308	2,804	7,549	4,200
Value Per Ton (dollars).....	$128	$110	$117	$97	$115	$100
Value (in million dollars)....	$57	$32	$621	$273	$868	$420
BARLEY, OATS, AND RYE (grain only)						
Quantity (1000 tons).....	64	8	949	203	1,202	375
Value Per Ton (dollars).....	$109	$0	$130	$103	$122	$99
Value (in million dollars)....	$7	--	$123	$21	$147	$37
TOTAL COARSE GRAINS (grain only)						
Quantity (1000 tons).....	3,972	1,479	43,092	28,280	55,027	36,530
Value Per Ton (dollars).....	$126	$107	$125	$107	$123	$109
Value (in million dollars)....	$500	$158	$5,402	$3,036	$6,786	$3,972
RICE (grain only)						
Quantity (1000 tons).....	162	100	1,221	981	1,908	2,000
Value Per Ton (dollars).....	$383	$310	$363	$367	$354	$300
Value (in million dollars)....	$62	$31	$443	$360	$676	$600
PULSES						
Quantity (1000 tons).....	29	39	301	333	425	450
Value Per Ton (dollars).....	$517	$359	$472	$465	$461	$464
Value (in million dollars)....	$15	$14	$142	$155	$196	$209
OTHER GRAIN PRODUCTS						
Quantity (1000 tons).....	131	128	937	916	1,411	1,400
Value Per Ton (dollars).....	$229	$242	$273	$253	$241	$250
Value (in million dollars)....	$30	$31	$256	$232	$340	$350
FORAGE, HAY, MIXED FEED AND GRAIN BYPRODUCTS						
Quantity (1000 tons).....	497	696	4,376	5,322	6,395	7,000
Value Per Ton (dollars).....	$147	$152	$152	$151	$151	$150
Value (in million dollars)....	$73	$106	$665	$803	$964	$1,050
TOTAL VOLUME (in thousand tons)	6,440	3,770	70,817	51,534	94,760	
TOTAL VALUE (in million dollars)	$940	$527	$10,118	$6,750	$13,439	$9,687

SOURCE: U.S. Bureau of Census.

U.S. Wheat Programs

	1984 Program		1985 Program		1986 Program	
	Equivalent Export Price 1/ ($/Ton)	Farm Price ($/Bu)	Equivalent Export Price 1/ ($/Ton)	Farm Price ($/Bu)	Equivalent Export Price 1/ ($/Ton)	Farm Price ($/Bu)
Trigger Release Price	----	$4.45	----	$4.45	----	----
Target Price	$187	$4.38	$187	$4.38	$187	$4.38
Loan (Reserve)	----	$3.30	----	----	----	----
National Loan	$147	$3.30	$147	$3.30	$114	$2.40
Season Average Producer Price	$150	$3.38	$142	$3.16	$108-118	$2.25-2.50
Farm Price 2/	----	----	----	----	$111	$2.33
Paid Diversion	----	$2.70	----	$2.70	----	$2.00 Winter $1.10 Spring

1/ Estimated equivalent, adjusted from $/Bu at the farm level by including transportation and handling allowances of $.70 per bushel.
2/ ASCS 5-day moving average as of July 15, 1986.

U.S. Corn Programs

	1984 Program		1985 Program		1986 Program	
	Equivalent Export Price 1/ ($/Ton)	Farm Price ($/Bu)	Equivalent Export Price 1/ ($/Ton)	Farm Price ($/Bu)	Equivalent Export Price 1/ ($/Ton)	Farm Price ($/Bu)
Trigger Release Price	----	$3.25	----	$3.25	----	----
Target Price	$137	$3.03	$137	$3.03	$137	$3.03
Loan (Reserve)	----	$2.55	----	$2.55	----	----
National Loan	$118	$2.55	$118	$2.55	$93	$1.92
Season Average Producer Price	$121	$2.62	$110	$2.35	$89-98	$1.80-2.05
Farm Price 2/	----	----	$92	$1.88	----	----
Paid Diversion	----	----	----	----	----	$0.73

1/ Estimated equivalent, adjusted from $/Bu at the farm level by including transportation and handling allowances of $.45 per bushel.
2/ ASCS 5-day moving average as of July 10, 1986.

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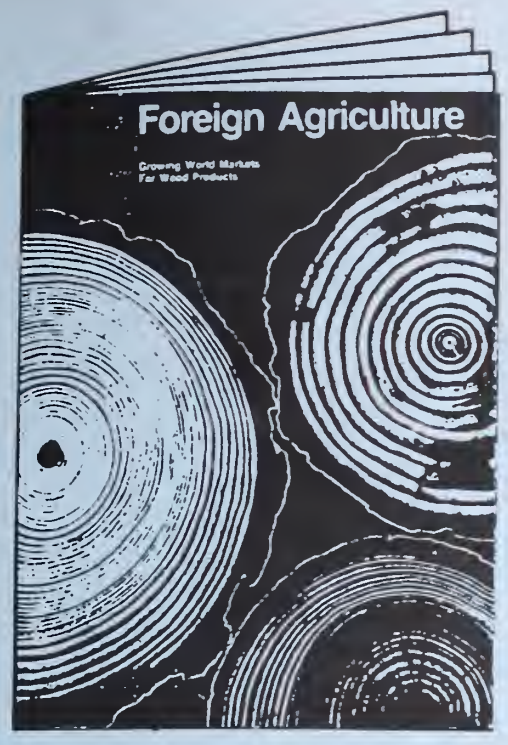

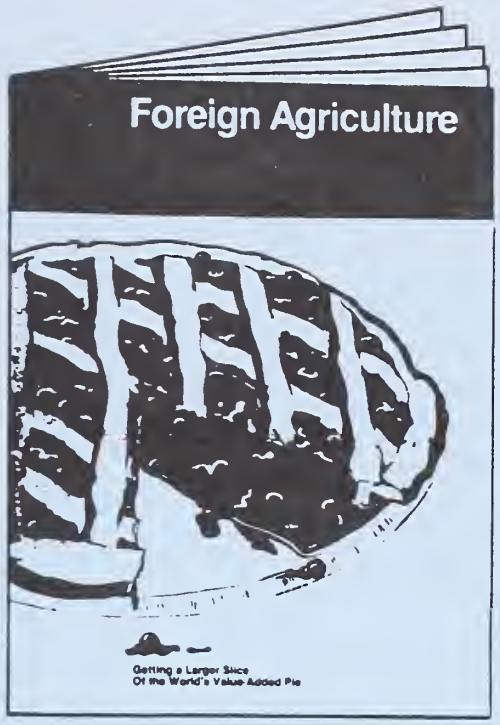

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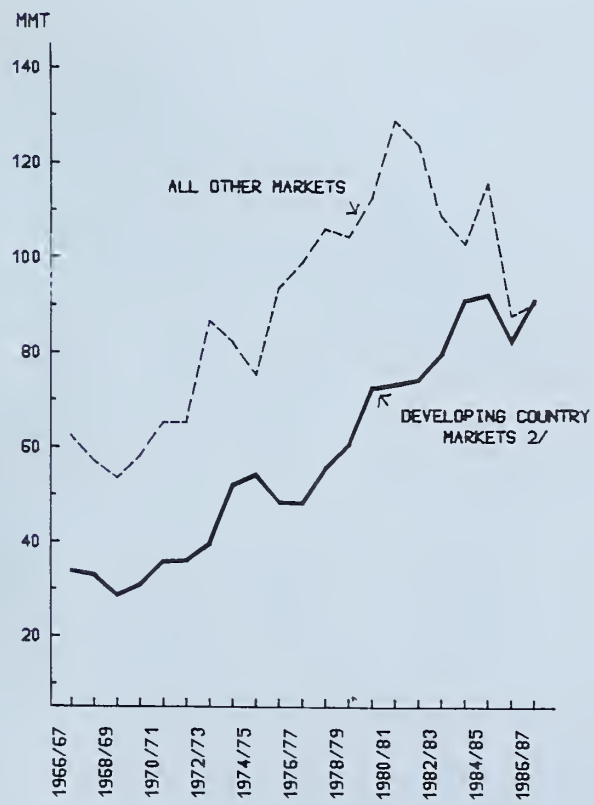
Grains

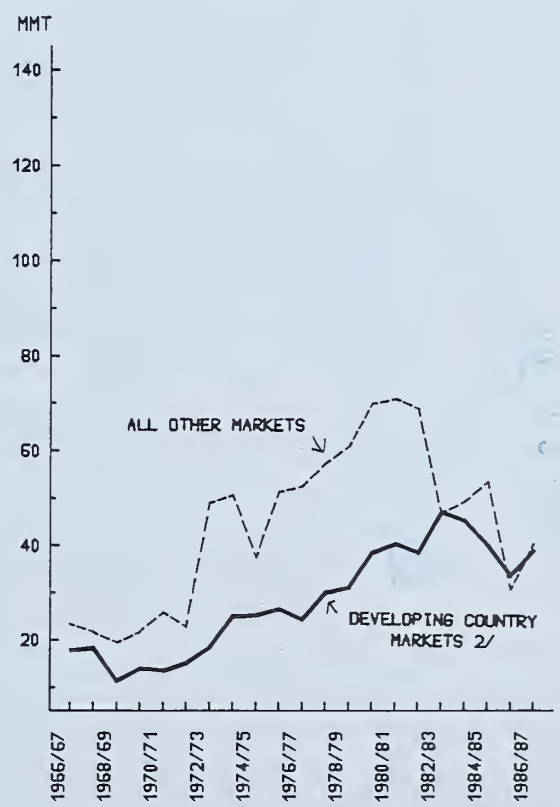
Export Markets for U.S. Grain and Products

EMG-6-86
June 1986

This month's cover graphs present an analysis of U.S. and world grain trade in developing country and other markets. From 1980/81-1985/86, total grain imports by developing countries will have increased significantly, in contrast to a sharp decline in the more traditional markets. For the United States, developing countries, in contrast to other markets, will have accounted for substantially less of the decrease in grain trade experienced during the 1980/81-1985/86 period. In 1986/87, total grain imports by developing countries for the first time are expected to be slightly larger than those by other countries. Developing countries will continue to be important markets for the United States, and are projected to account for almost one-half of total U.S. grain exports in 1986/87.

GRAIN IMPORTS IN DEVELOPING COUNTRY
AND OTHER MARKETS 1/





1/ Grain includes wheat and coarse grains. Wheat and coarse grain imports are on a July/June basis through 1975/76. From 1976/77 on, the trade year for coarse grains is October/September.
2/ Developing countries exclude United States, USSR, People's Republic of China, Argentina, Australia, Canada, Europe, Japan, South Africa and Thailand.
Supporting data and an additional graph are shown on page 25.

Approved by the World Agricultural Outlook Board - USDA

EXPORT MARKET FOR U.S. GRAIN AND FEED PRODUCTS
June 27, 1986

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HIGHLIGHTS

The 1985/86 (October/September) U.S. coarse grain forecast as of June 10, fell more than 3 million tons to 39.1 million tons, due mostly to lower than expected corn sales to Latin American markets.

Significant developments affecting U.S. exports during the past month.

-- EC shows determination to compete aggressively with Export Enhancement Program.

-- Nigerian imports of U.S. wheat since March have fallen to less than 40 percent of market share from virtually 100 percent last year.

-- Korea reduces Initial Calendar 1986 wheat import quotas to 1.9 million tons.

-- Argentina announced a reduction in its wheat export tax for the 1986 crop.

-- A record wheat harvest has allowed Brazil to delay new wheat purchases until 1986/87.

-- South Africa may have lower exportable corn supplies in the coming months. which could mean less competition facing U.S. corn in Asian markets.

-- Chinese corn shipments are higher than expected, particularly to Japan.

-- Mexico's troubled economy and lack of foreign exchange continue to disrupt grain imports.

-- A Canadian corn producers' association requested that a countervailing duty be placed on Canadian imports of U.S. corn.

-- Export Enhancement Programs for barley for Israel and Jordan were announced.

-- Brazil has reportedly purchased 500,000 tons of rice on the world market, which included about 250,000 tons from the United States.

This circular was prepared by the Grain and Feed Division, Commodity and Marketing Programs, FAS/USDA. Telephone: (202) 447-6885

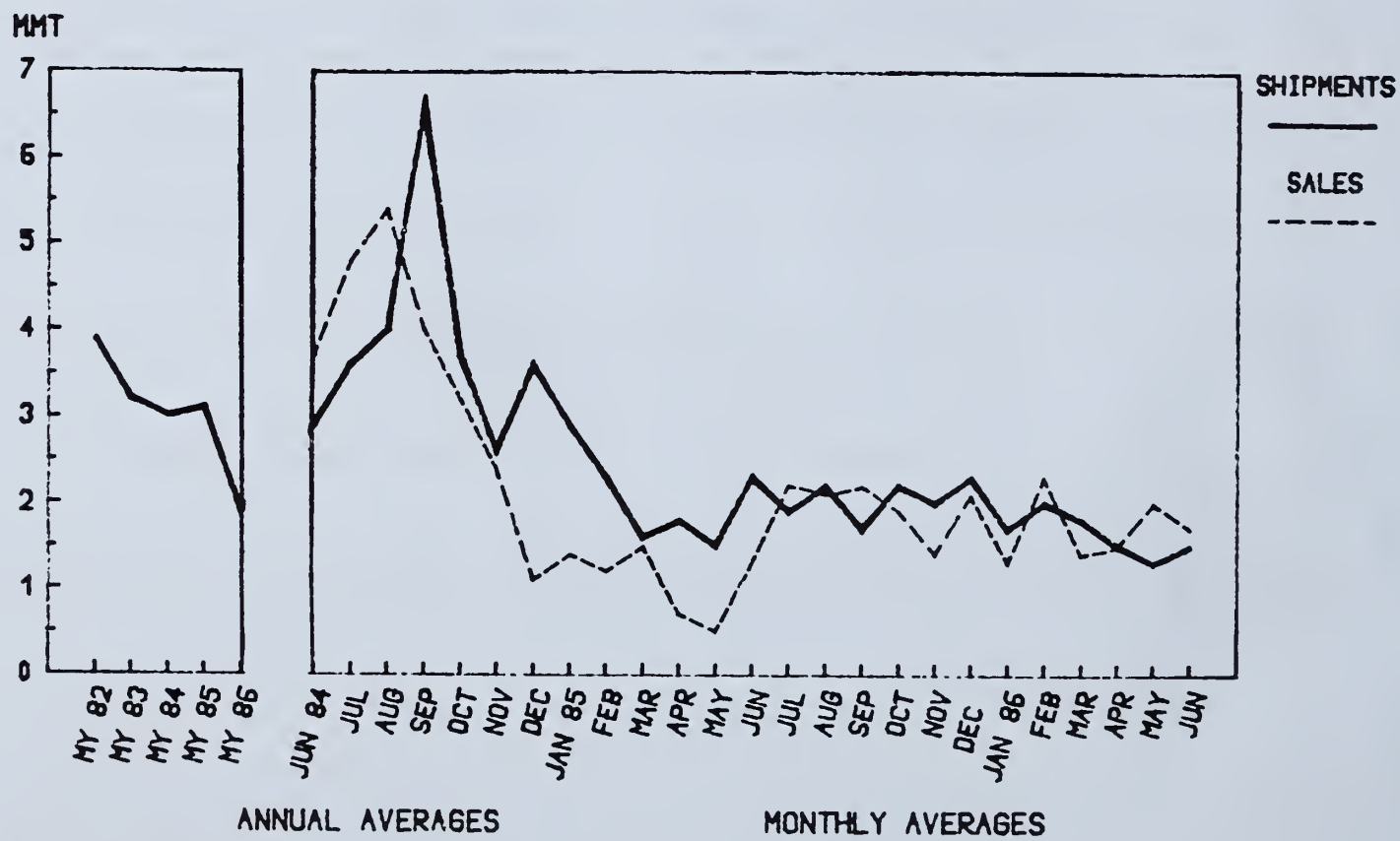
WHEAT

LATEST U.S. EXPORT FORECAST, SHIPMENTS AND SALES

Export Forecast: The 1986/87 (June/May) wheat export forecast as of June 10, remained unchanged from last month at 29.9 million tons.

Shipments and Sales: Wheat shipments during the 4-week period ending June 19, totaled 1.5 million tons, up about 15 percent from the previous 4-week period. Accumulated wheat exports for 1986/87 now total 1.0 million tons. Japan (308,000 MT) and Algeria (125,000 MT) were the leading destinations. New sales for the period totaled 1.7 million tons, with Egypt (260,000 MT), Yugoslavia (133,000 MT) and Bangladesh (131,000 MT) the principal buyers.

U.S. WHEAT SHIPMENTS AND SALES
ANNUAL MONTHLY AVERAGES FOR MY 1982 - 1986(PROJ)
AND MONTHLY FROM JUNE 1984 - JUNE 1986



MY IS JUNE/MAY MARKETING YEAR

U.S. WHEAT SHIPMENTS, SALES, and INSPECTIONS
(JUNE/MAY--MILLION TONS)

------ Monthly SHIPMENTS ------		
For Period Ending	1984/85	1985/86
Mar. 20	1.5	1.8
Apr. 17	1.8	1.5
May 22	1.6	1.3
Cumulative for MY..	35.7	22.3
	1985/86	1986/87
June 19	1.5	1.5
Cumulative for MY..	1.2	1.0

------ Monthly SALES 1/ ------		
For Period Ending	1984/85	1985/86
Mar. 20	1.6	1.8
Apr. 17	1.4	1.5
May 22	2.0	2.0
Cumulative for MY..	39.6	27.4
	1985/86	1986/87
June 19	1.4	1.7
Cumulative for MY..	1.1	1.2

Weekly and Annual INSPECTION Rates	MT	BU
Week Ending June 12	0.5	18.3
Week Ending June 19	0.5	17.9
Official Estimate for 1986/87 (Grain only)	28.2	1035
Implied Weekly Average	0.5	19.9
Weekly Average for Latest Six Weeks	0.4	13.1
Marketing Year-to-Date Weekly Average	0.4	14.5
MY Year-to-Date Average Extrapolated Annually	20.6	756
Weekly Average Required during Remainder of MY to Achieve Official Estimate ..	0.5	20.2
Weeks Remaining 49		

1/ Sales made since the beginning of the applicable marketing year, including sales for shipment in the next marketing year.

SOURCE: Shipments and sales data from U.S. Export Sales. Inspections data from the Federal Grain Inspection Service.

SUPPLY and DISTRIBUTION of U.S. WHEAT by CLASS
(MILLION BUSHELS)

Marketing Year beginning June 1	Hard Winter	Hard Spring	Soft Red	White	Durum	Total
--- 1984/85 ---						
Beginning Stocks	745	314	74	167	99	1,399
Production	1,251	409	531	301	103	2,595
Total Supply 1/	1,996	725	605	470	207	4,003
Domestic Use	562	171	288	87	46	1,153
Exports	717	183	253	210	61	1,424
Total Use	1,279	354	541	297	107	2,578
Ending Stocks	717	371	64	173	100	1,425
--- 1985/86 ---						
Beginning Stocks	717	371	64	173	100	1,425
Production	1,230	460	368	254	113	2,425
Total Supply 1/	1,947	837	432	430	218	3,864
Domestic Use	556	183	215	76	55	1,085
Exports	415	162	147	135	51	910
Total Use	971	345	362	211	106	1,995
Ending Stocks	976	492	70	219	112	1,869

1/ Includes imports.

SOURCE: World Agricultural Supply and Demand Estimates, No. 194 - June 10, 1986.

IMPORTER BUYING ACTIVITY

Purchasing activity in world markets continued relatively slow this past month, although a slight increase was observed over the previous four week period. Purchases by Japan, together with sales of about 580,000 tons under the Export Enhancement Program (EEP)--mostly to Egypt--highlighted the month's buying activity for U.S. exporters. The Egyptian sale completes the latest EEP to that country.

WHEAT and FLOUR IMPORTER BUYING ACTIVITY
REPORTED between MAY 28, 1986 and JUNE 19, 1986

Date of Purchase	Buyer	Origin	Quantity (tons)	Grade 1/	Price Range 2/ ($US per ton)	Delivery Period 3/
5/28	Korea	Canada	50,000	Feed Wheat	$80.50 FOB	July
	Korea	U.S.	33,000	WW,HRW,HRS	Various	June/July
	Japan	U.S.	186,329	WW,HRW,HRS,HAD	?	July
	Japan	Australia	81,547	ASW,PH	?	July
	Japan	Canada	113,651	CWRS	?	July
	Sierra Leone	Australia	15,000	GP	$112.25	June
5/29	Peru	Canada	20,000	CWRS	$98.50	July
5/30	Morocco	France	50,000	Fr. Wheat	$111.30 C&F	June
	Egypt	France	240,000	Fr. Flour	$147.50 C&F	July-Nov.
6/4	Japan	US/Canada	95,235	Wheat	?	August
	Portugal	Canada	32,250	CWRS	?	June/July
6/5	S. Korea	Australia	50,000	Feed Wheat	?	June/July
6/6	Jordan	India	50,000	Indian Wheat	Barter	?
	Portugal	Canada	35,000	#2 HRW	$103.00	?
	Portugal	Canada	15,000	HAD	$141.75	?
6/12	Japan	U.S.	73,194	Various	?	August
	Malta	U.S	12,000	Dark North. Spring	$136.15 C&F	July.
6/16	Israel	U.S.	55,000	HRW	?	August
	S. Africa	U.S.	40,000	HRW	$114.38	August
6/19	Peru	U.S.	75,000	U.S. Wheat	various	July/Oct/Nov
	Japan	U.S.	42,547	WW	?	?
	Japan	U.S.	31,547	HRW	?	?
	Japan	Canada	34,047	CWRS	?	?

1/ HRW=Hard Red Winter, HRS=Hard Red Spring, SRW=Soft Red Winter, HAD=Hard Amber Durum, WW=Western White ASW=Australian Soft White, CWRS=Canadian Western Red Spring, PH=Australian Prime Hard, AH=Australian Hard, GP=Australian General Purpose
2/ FOB unless otherwise noted.
3/ FH denotes first half; LH, last half.

SOURCE: Unofficial market news reports.

Other Exporting Countries' Selling Activity and Competitive Practices

**Summary: Major wheat exporter shipments during the 4-week period ending June 19, totaled 3.6 million tons, down almost 20 percent from last month. Australian shipments fell about 700,000 tons from last month's record level, while Argentine wheat exports declined as that country's export season winds down.

WHEAT SHIPMENTS by MAJOR EXPORTING COUNTRIES
RECENT MONTHS and SEASON TOTALS for 1984/85-1985/86
(JULY/JUNE--MILLION TONS)

For Period Ending 1/	-- CANADA --		- AUSTRALIA -		- ARGENTINA -		- FRANCE 2/ -		-- TOTAL --	
	84/85	85/86	84/85	85/86	84/85	85/86	84/85	85/86	84/85	85/86
Mar. 20	.8	.6	1.4	1.7	1.5	0.7	1.2	0.8	4.9	4.0
Apr. 20	1.3	.7	1.4	1.4	1.1	0.7	1.2	0.8	5.0	3.7
May 22	1.9	1.2	1.2	1.9	0.7	0.5	1.0	0.8	4.8	4.4
June 19	1.6	1.4	1.4	1.3	0.4	0.2	1.3	0.7	4.7	3.6
Cumulative Since July 1 .	19.0	15.1	15.2	16.0	8.0	5.8	12.5	10.3	54.7	47.2
Total for Season 3/	19.4	17.5	15.3	15.7	8.0	6.1	12.6	11.0	55.3	50.3

1/ Or nearest date.
2/ Excludes intra-EC trade.
3/ Forecast for 1985/86.
- Less than 0.1, N/A - Data not available.

**Argentina: Argentina announced a reduction in its wheat export tax for the 1986 crop from 15 percent to 5 percent. A lower tax could result in increased production and lower export prices in 1986/87 (December/November), and hence, increased competition for U.S. wheat. Prior to the announced tax decrease, market sources had expected Argentine wheat plantings to be down 20 to 30 percent in 1986 from last year's figure of about 8.7 million hectares. Whether the tax change will spur farmers to increase production is not yet clear. Until the tax decrease is officially published, there is a possibility it will not take affect. However, unlike past years, the change has been announced in time for farmers to consider it in their planting decisions. Argentine wheat exports for 1986/87 are currently projected at 5.0 million tons, up from 4.2 million last year.

**European Community: A French sale of 240,000 tons of wheat flour to Egypt after difficult negotiations, is an indication that the EC is determined to compete aggressively with the Export Enhancement Program (EEP). The sales price was $147.50 per ton, sharply below the price of $205 per ton which Egypt paid for U.S. flour in its previous major purchase on the international market, prior to the French sale. U.S. exporters recently sold 425,000 tons of flour to Egypt under the EEP at $145 per ton, which completed the EEP for flour for that country announced last July.

Competitive Developments in Selected Foreign Markets

**Nigeria: Since the release of Nigeria's 1986 wheat import licenses in March, U.S. wheat exports to Nigeria may have fallen to less than 115,000 tons or 40 percent of market share. At the same time, Canadian and Argentine market shares have increased from virtually zero as recently as 1984, to 32 and 28 percent, respectively. The decline of U.S. market share can be attributed chiefly to termination of U.S. Export/Import Bank credit guarantees and lower priced competitor wheat. Any future sales of U.S. wheat to Nigeria under remaining licenses could depend on the availability of U.S. credit guarantees through the Export/Import Bank. U.S. credit is currently unavailable to Nigeria due to that country's failure to adopt the economic recommendations of the International Monetary Fund. In recent years, the United States supplied virtually all of Nigeria's wheat import requirements, which are expected to total about 1.3 million tons in 1986/87 (July/June).

**Korea: A reduction in initial Calendar 1986 wheat import quotas by the Korean Government, to 1.9 million tons, could lead to lower U.S. wheat exports to that country in 1986/87 (July/June). Given the number of remaining 1986 licenses and current import demand, Korean millers will be forced to cut back before the end of the year unless import quotas are substantially increased, or advances against 1987 licenses are obtained. Last year, Korean millers imported more wheat than the reduced 1985 quotas allowed by using carryover 1984 import licenses and advances on 1986 licenses. Since the United States had been supplying all of Korea's milling wheat import needs, any such reduction in trade could seriously affect U.S. exports. The decision to reduce initial wheat import quotas parallels a move made earlier to restrict feed grain imports. By limiting grain imports, Korea hopes to stimulate domestic production.

Korean Wheat Supply and Demand
(July/June - 1,000 MT)

Year	Production	Consumption	Imports	Imports from U.S.
1981/82	57	1,980	1,870	1,850
1982/83	66	1,980	1,880	1,850
1983/84	112	2,360	2,350	1,980
1984/85	17	2,990	3,110	2,040
1985/86	11	2,980	2,900	1,750 1/

1/ Exports through May
Source: USDA

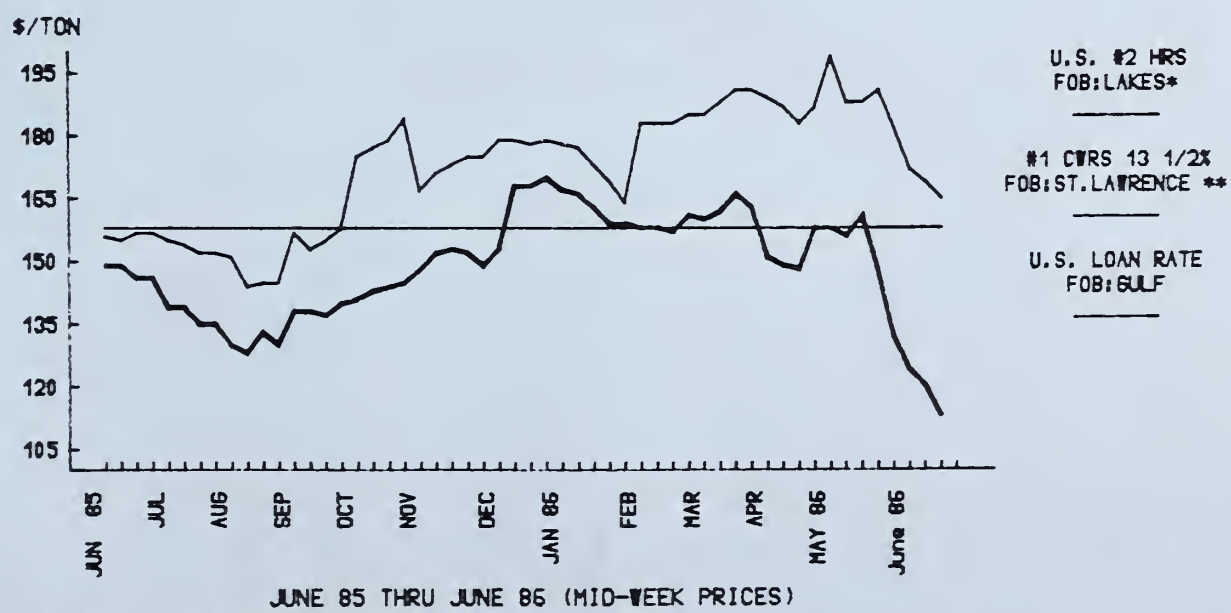
Internal Price Policies of Foreign Countries

**Major Exporters: The latest support prices for the principal world wheat exporters, for their respective marketing years, are listed below. Prices are not strictly comparable because U.S., Argentine, and EC prices are on a local delivery point basis, while Australian and Canadian prices represent their respective marketing boards' initial payments to producers. Prices also may not be comparable due to quality differences. For example, in terms of quality differentials, the Canadian price is set for No. 1 Canadian Western Red Spring (CWRS), while No. 2 CWRS currently is discounted C$6 per ton and No. 3 CWRS is discounted C$14 per ton. No. 1 CWRS has represented about 40 percent of Canadian wheat exports over the past 10 years. EC prices given below are for medium quality wheat and include a 2.5 ECU increment for each month of the season after August.

Major Grain Exporters': Support Prices for Wheat
(per Metric Ton)

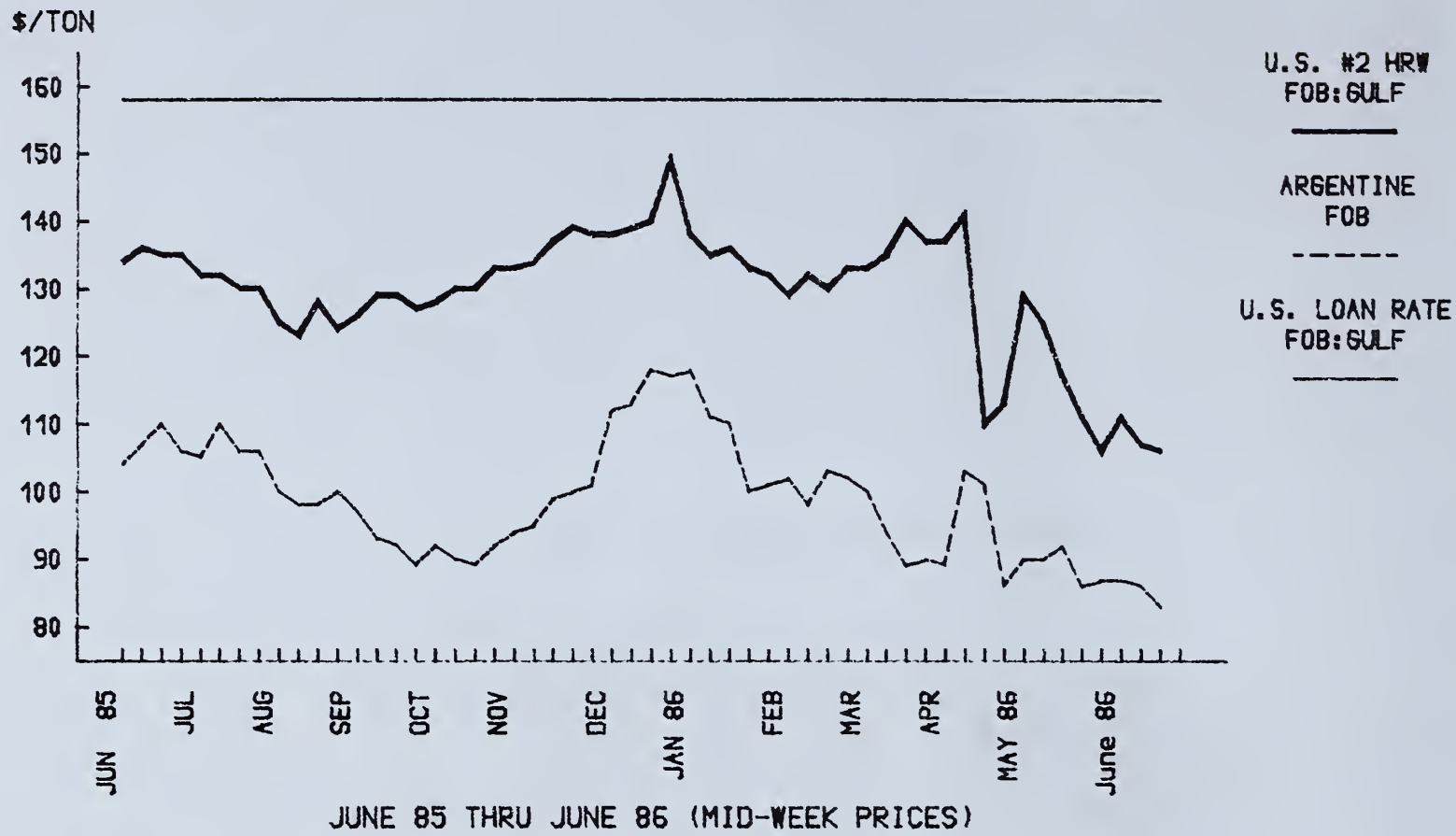
Exporter	1984/85 U.S.$ Eq. 1/	1984/85 Local Currency	1985/86 U.S.$ Eq. 1/	1985/86 Local Currency	1986/87 U.S.$ Eq. 1/	1986/87 Local Currency
U.S. (Loan)	$121	$121 (US$)	$121	$121 (US$)	$88	$88 (US$)
Argentina (Reference) .	$89	4800 2/	$81	65 2/	$90	72 2/
Australia (Min. Paymt.)	$100	146 (A$)	$109	150 (A$)	—	NA
Canada (Initial Paymt.)	$116	160 (C$)	$116	160 (C$)	$94	130 (C$)
EC-12 (Reference) 3/	$170	236 (ECU)	$220	232 (ECU)	NA	NA
(Intervention) 4/	$146	206 (ECU)	$192	203 (ECU)	$171	180 (ECU)

1/ U.S.$ equivalent figured by using the average exchange rate for May during the appropriate year.
2/ Caution should be taken when using the local price and its US$ equivalent because of the frequent changes in the support price and the volatility of the Argentine exchange rate. Exchange rate in australs as of January 1986.
3/ Support price for bread-quality wheat.
4/ Support price paid for other milling wheats; EC prices represent medium-quality wheat.

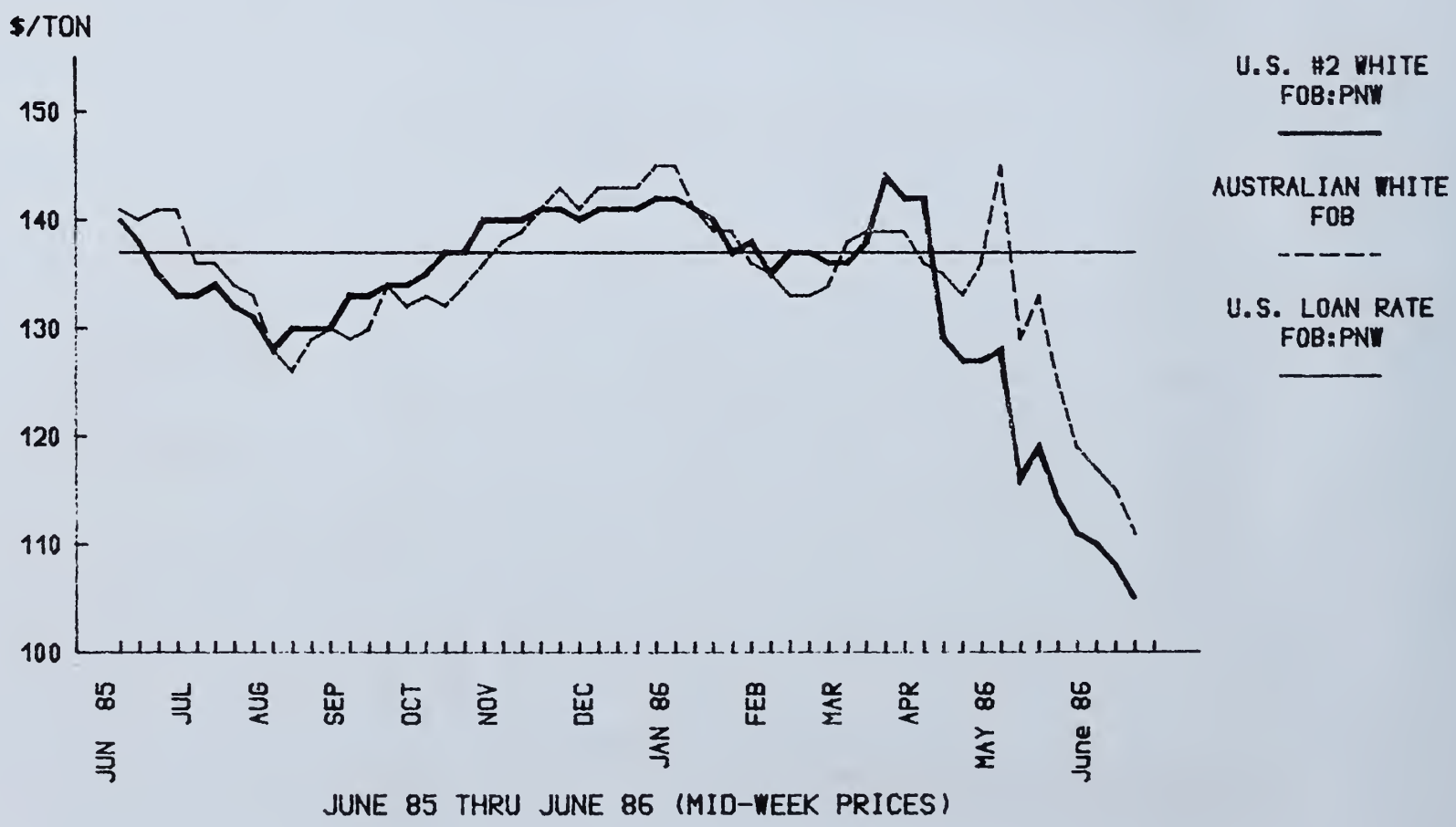


*FOB GULF DURING WINTER MONTHS (DEC THRU MAR)
**FOB ST. LAWRENCE AS OF FEB 1986
FOB THUNDER BAY PRIOR TO FEB 1986

HARD RED WINTER WHEAT EXPORT PRICES
U.S. AND ARGENTINE



WHITE WHEAT EXPORT PRICES
U.S. AND AUSTRALIAN



U.S. WHEAT EXPORT COMMITMENTS by CLASS to MAJOR DESTINATIONS
TOTAL EXPORTS for 1984/85 - 1985/86; COMMITMENTS to DATE for 1986/87 with COMPARISON to 1985/86
(JUNE/MAY--1,000 TONS)

Destination	Marketing Year	Hard Red Winter	Hard Red Spring	Soft Red Winter	All White	Durum	Total
EC-12	1984/85	340	713	222	--	191	1,466
	1985/86	337	620	162	--	913	2,032
	1985/86*	64	44	7	--	18	133
	1986/87**	--	39	84	--	50	173
Other W. Europe	1984/85	168	69	420	--	35	692
	1985/86	496	108	--	6	11	621
	1985/86*	10	23	--	--	4	37
	1986/87**	75	26	--	--	3	104
USSR	1984/85	6,339	--	--	--	--	6,339
	1985/86	153	--	--	--	--	153
	1985/86*	--	--	--	--	--	0
	1986/87**	--	--	--	--	--	0
China	1984/85	105	--	2,630	--	--	2,735
	1985/86	--	--	581	--	--	581
	1985/86*	--	--	120	--	--	120
	1986/87**	--	--	--	--	--	0
Japan	1984/85	1,277	1,034	--	986	10	3,307
	1985/86	1,294	948	--	937	57	3,236
	1985/86*	226	205	--	221	13	665
	1986/87**	190	284	--	189	15	678
Taiwan	1984/85	299	211	--	145	--	655
	1985/86	284	225	--	147	--	656
	1985/86*	168	128	--	102	--	398
	1986/87**	194	146	--	101	--	441
Rep. of Korea	1984/85	657	965	--	1,094	--	2,716
	1985/86	594	757	3	1,113	--	2,467
	1985/86*	132	211	3	224	--	570
	1986/87**	113	162	--	219	--	494
Other Asia, Middle East, and Oceania	1984/85	1,998	--	178	1,502	--	3,678
	1985/86	1,783	--	143	1,185	--	3,111
	1985/86*	387	--	16	108	--	511
	1986/87**	509	--	65	250	--	824
Egypt	1984/85	--	--	429	1,205	--	1,634
	1985/86	--	--	1,361	130	--	1,491
	1985/86*	--	--	210	--	--	210
	1986/87**	--	--	555	--	--	555
Nigeria	1984/85	1,324	198	111	--	--	1,633
	1985/86	853	21	83	--	--	957
	1985/86*	241	--	--	--	--	241
	1986/87**	71	--	--	--	--	71
Other Africa	1984/85	421	39	2,012	42	802	3,316
	1985/86	1,507	78	816	--	762	3,163
	1985/86*	162	--	218	--	103	483
	1986/87**	374	1	314	--	161	850
Brazil	1984/85	3,075	--	67	--	--	3,142
	1985/86	722	--	--	--	--	722
	1985/86*	561	--	--	--	--	561
	1986/87**	132	--	--	--	--	132
Other W. Hemis.	1984/85	1,951	1,261	432	159	282	4,085
	1985/86	1,493	1,182	586	2	231	3,494
	1985/86*	411	397	156	4	90	1,058
	1986/87**	711	446	179	--	88	1,424
Total 1/	1984/85	17,952	4,713	6,500	5,149	1,420	35,734
	1985/86	9,514	4,203	3,735	3,521	1,341	22,314
	1985/86*	2,251	1,087	760	577	241	4,916
	1986/87**	2,645	1,242	1,048	832	490	6,257
MY Projection 2/		11,295	4,410	4,436	3,674	1,388	25,203

1/ Discrepancies due to rounding and sales to unknown destination.
2/ Projections for 1985/86, including flour and products.
* Sales plus accumulated exports as of June 19, 1985, excluding sales for next marketing year.
** Sales plus accumulated exports as of June 19, 1985, excluding sales for next marketing year.

SOURCE: U.S. Export Sales.

Other Developments Affecting U.S. Exports

**Brazil: U.S. wheat exports to Brazil in 1985/86 (July/June) are expected to be well below the annual average of 2.6 million tons for the past five years. A record 1985 wheat harvest has allowed Brazil to amass large domestic supplies and thus, delay wheat purchases until 1986/87. As a result, Brazilian wheat imports during January-June 1986 are expected to be the lowest for that period in several years. In addition, to lower import demand, Brazil's grain agreements with Argentina and Canada have also diminished U.S. wheat market share.

Brazilian Wheat Supply and Demand
(July/June - 1,000 MT)

Year	Production	Consumption	Imports	Imports from U.S.
1981/82	2,210	6,300	4,470	2,950
1982/83	1,850	6,300	3,600	2,375
1983/84	2,100	6,400	3,950	2,050
1984/85	1,900	6,300	5,400	3,465
1985/86 1/	4,300	6,800	2,500	700 2/

1/ Estimate.
2/ Exports through May.
Source: USDA

**Peru: Peru's recent purchase of additional quantities of Canadian wheat is likely to reduce U.S. export prospects to that market. The sales price of $98.50 f.o.b. was $6.00 per ton lower than the lowest U.S. offer. Total Peruvian purchases of Canadian wheat for delivery in Calendar 1986 now stand at 95,000 tons. In contrast, purchases of U.S. wheat for 1986 delivery total only 61,000, while Argentine sales total 525,000 tons. Prior to 1984, the United States supplied most of Peru's wheat import requirements, which averaged almost a million tons annually. Since 1984, Canada, and to a much greater extent, Argentina have displaced U.S. wheat exports to Peru. Last year Argentina, in an agreement that runs through 1989, promised to supply 700,000 tons of wheat annually to Peru.

Peruvian Wheat Imports
(July/June - 1,000 MT)

	1982/83		1983/84		1984/85		1985/86 1/	
Origin	TMT	%	TMT	%	TMT	%	TMT	%
Canada	0	(0)	50	(5)	75	(8)	0	(0)
Argentina	180	(18)	290	(28)	430	(44)	625	(80)
United States	830	(82)	680	(67)	470	(48)	155	(20)
Total	1,010		1,020		975		780	

1/ Exports through April.
Source: Exporter Data

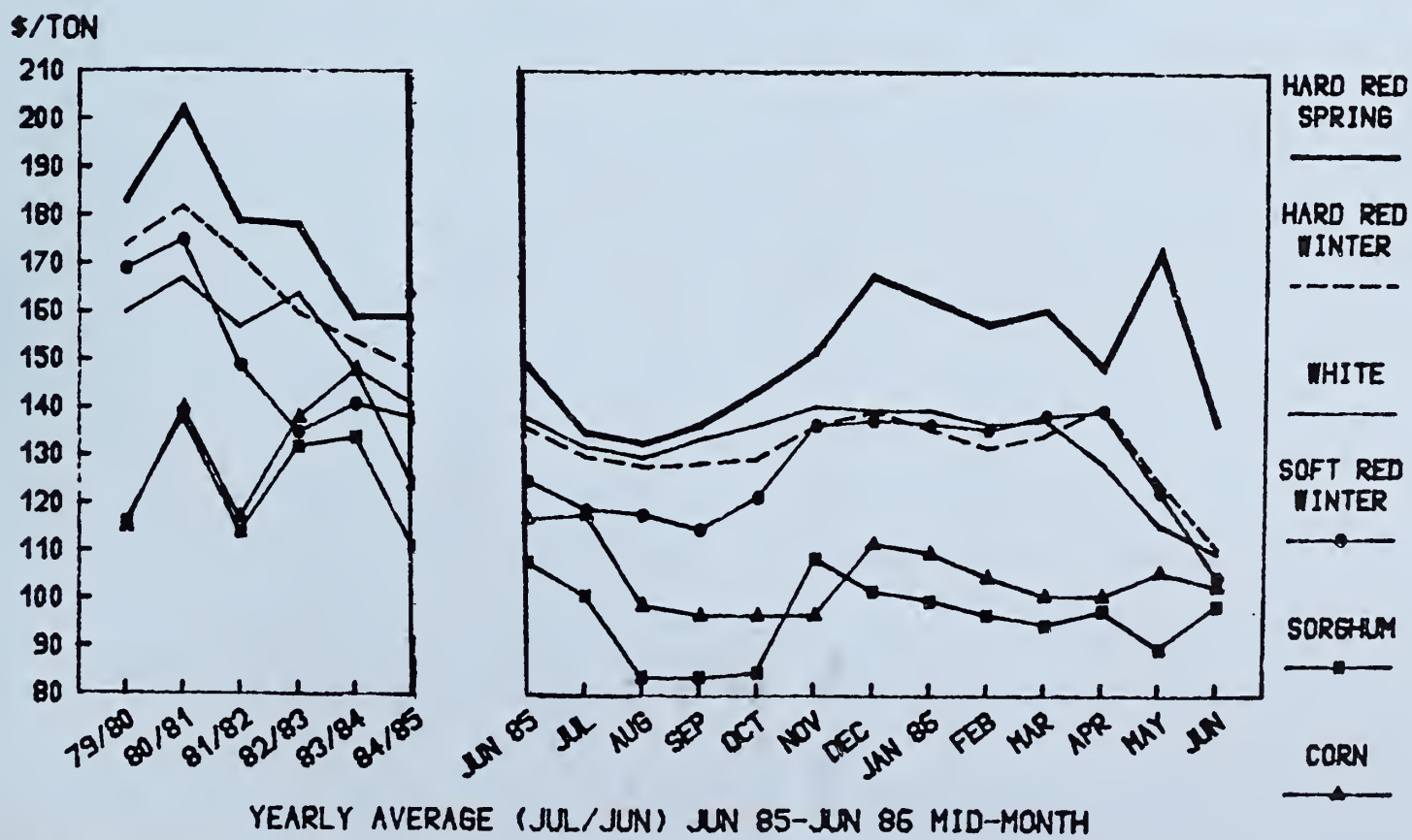
**Soviet Union: Grain agreement consultations between the United States and the Soviet Union took place in Moscow this past month. In addition to the usual topics concerning the world grain situation and trade prospects between the two countries, discussions were held on the status of current Soviet purchases of U.S. wheat. With two-thirds of the 1985/86 (October/September) year gone, the Soviet Union has bought only 153,000 tons of the 4 million tons of wheat required each marketing year under the agreement. The Soviet side mentioned this past year's relatively high U.S. wheat prices as a reason for a lack of buying activity. The possibility of additional purchases of U.S. wheat this summer was indicated but, no assurances were given that the full amount of wheat would be bought.

Exports Under the U.S.-USSR Grain Agreement 1/
(October/September - 1,000 MT)

Commodity	1983/84	1984/85	1985/86 2/
Wheat	4,141	2,887	153
Corn	6,477	15,750	6,766
Total	10,618	18,637	6,919

1/ Five-Year Long Term Grain Agreement of October 1983.
2/ As of June 5, 1986.
Source: U.S. Export Sales Report.

US. GRAIN COMMODITY EXPORT PRICES FOB GULF
EXCEPT FOB PNW FOR WHITE WHEAT
AND FOB LAKES FOR HARD RED SPRING*



YEARLY AVERAGE (JUL/JUN) JUN 85-JUN 86 MID-MONTH

* FOB GULF DURING WINTER MONTHS (DEC THRU MAR)

Status of the Export Enhancement Program
as of June 23, 1986

Country	Date	Commodity	Amount Offered (MT)	Amount Purchased (MT)
Algeria	June 4	Wheat	1,000,000	1,000,000
	Apr. 10	Wheat	1,000,000	-----
	Feb. 11	Semolina	250,000	-----
	Feb. 25	Wheat Flour	100,000	-----
	Apr. 17	Barley	500,000	-----
Benin	Apr. 7	Wheat	45,000	10,000
Egypt	July 2	Wheat Flour	600,000	600,000 1/
	July 26	Wheat	500,000	500,000
	Oct. 30	Wheat	500,000	512,500
Iraq	Dec. 9	Wheat Flour	150,000	75,000 1/
Israel	June 17	Barley	200,000	-----
Jordan	Nov. 8	Rice	40,000	22,700
	Mar. 19	Wheat	75,000	75,000
	June 17	Barley	60,000	-----
Morocco	Sep. 30	Wheat	1,500,000	890,000
Nigeria	Dec. 10	Barley Malt	100,000	-----
Philippines	Nov. 15	Wheat Flour	100,000	50,000 1/
	Jan. 6	Wheat	150,000	152,400
Saudi Arabia	May 7	Barley	500,000	-----
Sri Lanka	May 16	Wheat	125,000	-----
Syria	Apr. 8	Wheat	700,000	-----
Tunisia	Mar. 18	Wheat	300,000	50,000
Turkey	Oct. 16	Wheat	500,000	506,600
	May 8	Wheat	500,000	
Yemen	Aug. 20	Wheat Flour	50,000	31,500 1/
	Apr. 14	Wheat Flour	100,000	-----
	Sep. 6	Wheat	100,000	50,000
	Apr. 14	Poultry Feed	150,000	-----
Yugoslavia	Apr. 10	Wheat	200,000	200,000
Zaire	Nov. 18	Wheat Flour	64,000	45,000 1/
	Dec. 27	Wheat	40,000	20,000
	May 15	Wheat	40,000	-----
	May 15	Wheat Flour	30,000	-----

Commodity Totals	Amount Offered (MT)	Amount Purchased (MT)
Wheat	7,275,000	3,966,500
Flour	1,194,000	801,500
Semolina	250,000	-----
Rice	40,000	22,700
Barley Malt	100,000	2,200
Poultry Feed	150,000	-----
Barley	1,260,000	-----

1/ Flour not in grain equivalent.

PL-480

FY 1986 PUBLIC LAW TITLE I/III
COUNTRY AND COMMODITY ALLOCATIONS
June 19, 1986

Countries with $790 or Less Per Capita GNP	TOTAL ($Millions)	(1,000 Tons Grain Equivalent) WHEAT/FLOUR	RICE	FEEDGRAINS
Bangladesh ..	$70.0	308.0	35.0	—
Bolivia	$20.0	140.0	—	—
Egypt	$213.0	1,557.0 1/	—	—
El Salvador .	$46.0	148.0	—	—
Ghana	$8.0	—	7.0	—
Guinea	$6.0	—	20.0	—
Haiti	$18.0	66.0	—	—
Honduras	$15.0	86.0	—	—
Indonesia ...	$30.0	220.0	—	—
Kenya	$10.0	55.0	11.0	—
Liberia	$11.0	—	34.0	—
Madagascar ..	$8.0	—	14.0	—
Morocco	$40.0	292.0	—	—
Mozambique ..	$7.9	20.0	10.0	20.0
Pakistan	$50.0	—	—	—
Philippines .	$35.0	66.0	38.0	56.0
Senegal	$5.5	—	18.0	—
Sierra Leone	$4.0	13.0	7.0	—
Somalia	$16.5 2/	27.0	17.0	—
Sri Lanka ...	$26.0	193.0	—	—
Sudan	$45.0	314.0	—	—
Yemen	$5.0	—	13.0	—
Zaire	$20.0	100.0	—	—
Zambia	$10.0	37.0	—	—
SUBTOTAL ..	$719.9	3,642.0	224.0	76.0
Countries over $790 Per Capita GNP				
Costa Rica ..	$23.0	120.0	—	10.0
Dominican Rep	$30.0	72.0	32.0	—
Ecuador	$5.0	35.0	—	—
Guatemala ...	$14.0	92.0	—	—
Jamaica	$30.0	83.0	22.0	73.0
Peru	$20.0	100.0	—	—
Tunisia	$2.5	—	—	22.0
SUBTOTAL ..	$124.5	502.0	54.0	105.0
Total Allocated ...	$844.4	4,144.0	278.0	181.0
Unallocated Reserve	$43.9	—	—	—
Total Program	$888.3	—	—	—

1/ All or some portion in wheat equivalent of flour.
2/ $3.3 million has been designated for ocean freight financing.

CCC Credit

U.S. WHEAT/FLOUR TRADE WITH SELECTED COUNTRIES
UNDER CCC GUARANTEE PROGRAMS 1/

	FY 1985		FY 1986		
	Guarantees Approved -$ Millions-	Est. Quantity Shipped —1,000 Tons—	Programs Announced -----$ Millions-----	Programs Approved	Estimated Quantity Purchased 2/ ----1,000 Tons----
Algeria	—	—	$70.1	—	—
Bangladesh ..	$42.1	280.7	—	—	—
Brazil	$272.5	1,816.7	$150.0	$15.8	112.9
Chile	$59.5	396.7	$42.0	—	--
Colombia	$79.0	526.7	$100.0	$14.6	104.3
Ecuador	$32.6	217.3	$55.0	$39.3	280.7
Egypt	$77.6	464.0	$120.0 4/	$67.8	438.0
Guatemala ...	$16.1	107.3	$3.5	$3.5	25.0
Haiti	$7.5	50.0	$7.5	$5.0	35.7
Iraq	$88.5	590.0	$130.0 4/	$106.5	738.7
Jamaica	$4.2	28.0	$7.5 4/	$1.1	7.9
Jordan	$19.9	132.7	$54.0	$6.3	45.0
Korea	$108.9	726.0	$155.0	$100.6	718.6
Morocco	—	—	$150.0	$101.2	722.9
Pakistan	$40.1	267.3	$45.0	—	—
Philippines .	$43.2	288.0	—	—	—
Portugal	$97.0	646.7 3/	$73.0	$26.4	188.6
Tunisia	—	—	$7.0	—	—
Turkey	$10.1	67.3	$120.0	$59.2	422.9
Yemen	— 5/	—	$40.0 4/	$6.6	47.1
TOTAL.....	$998.8	6,605.4	$1,259.5	$553.9	3,888.2

1/ Includes GSM-102 as of June 13, 1986.
2/ Estimated quantity purchased with Approved Funds based on $140 per ton for wheat and $190 per ton for wheat flour.
3/ Wheat or feed grains.
4/ Wheat and wheat flour.
5/ $20 million allocated.

LATEST U.S. EXPORT FORECAST, SHIPMENTS AND SALES

Export Forecast: The 1986/87 (October/September) U.S. coarse grain exports forecast as of June 10, remained unchanged at 49.0 million tons. The June forecast for 1985/86 fell more than 3 million tons to 39.1 million tons with most of the decline occurring in corn. Lagging sales to Latin American countries including Venezuela, Mexico, and Brazil were behind the lower forecast.

Shipments and Sales: Corn shipments totaling 1.3 million tons for the 4-week period ending June 19 were about 18 percent above shipments for the previous 4-week period, and brought accumulated corn exports for 1985/86 (September/August) to 28.5 million tons. Japan (455,000 MT) and the USSR (325,000 MT) were the major destinations. Corn sales for the period came to 1.3 million tons, down about 27 percent from the previous 4-week period. Sorghum shipments for the period totaled 200,000 tons, which brought accumulated exports for 1985/86 to 3.6 million tons. Sales also totaled 200,000 tons, down 33 percent from the previous 4-week period, with Venezuela (213,000 MT) the major buyer.

U.S. CORN and SORGHUM SHIPMENTS, SALES, and INSPECTIONS
(SEPTEMBER/AUGUST--MILLION TONS)

------ Monthly SHIPMENTS ------

For Period Ending	CORN 84/85	CORN 85/86	SORGHUM 84/85	SORGHUM 85/86
Mar. 20	4.2	2.7	0.7	0.2
Apr. 17	4.1	1.8	0.4	0.2
May 22	4.2	1.3	0.4	0.3
June 19	2.3	1.3	0.3	0.2
Cumulative for MY.	40.6	28.5	5.8	3.6

------ Monthly SALES 1/ ------

For Period Ending	CORN 84/85	CORN 85/86	SORGHUM 84/85	SORGHUM 85/86
Mar. 20	4.6	0.8	0.5	0.4
Apr. 17	2.6	1.1	0.4	0.4
May 22	2.5	2.1	0.2	0.4
June 19	2.6	1.3	0.7	0.4
Cumulative for MY.	47.5	33.1	7.0	4.2

Weekly and Annual INSPECTION Rates

	CORN MT	CORN BU	SORGHUM MT	SORGHUM BU
Week Ending June 12	0.3	11.4	.0	0.6
Week Ending June 19	0.2	8.8	0.1	2.0
Official Estimate for 1985/86 (Grain only)	32.6	1283	4.4	175
Implied Weekly Average	0.6	24.7	0.1	3.4
Weekly Average for Latest Six Weeks	0.3	12.6	0.1	2.1
Marketing Year-to-Date Weekly Average	0.6	25.2	0.1	2.8
MY Year-to-Date Average Extrapolated Annually	33.2	1308	3.7	144
Weekly Average Required during Remainder of MY to Achieve Official Estimate ...	0.6	23.2	0.1	5.9
Weeks Remaining 10				

1/ Sales made since the beginning of the applicable marketing year, including sales for shipment in the next marketing year.

SOURCE: Shipments and sales data from U.S. Export Sales. Inspections data from the Federal Grain Inspection Service.

NOTE: Market year has been changed from October/September to September/August

IMPORTER BUYING ACTIVITY

Importer buying activity during the past month remained relatively slow again this past month. Purchases by Taiwan and Mexico highlighted the month's activity for U.S. exporters.

RECENT CORN and SORGHUM IMPORTER BUYING ACTIVITY
REPORTED between May 28, 1986 and June 19, 1986

Date of Purchase	Buyer	Origin	Quantity (tons)	Grade 1/	Price Range 2/ ($US per ton)	Delivery Period 3/
5/29	Korea	China	20,000	Ch. Corn	$104.75 C&F	July/Aug
5/30	Greece	France	70,000	Fr. Corn	?	June
	Egypt	Argentina	200,000	Ar. Corn	?	June
6/5	S. Korea	Thailand	143,000	Thai Corn	Various	July-Sep
	Taiwan	U.S.	176,000	U.S. Corn	Various	June-Aug
6/6	Brazil	Argentina	350,000	Ar. Corn	$145.65	June-Nov
	S. Korea	Thailand	80,000	Thai Corn	Various	?
	Portugal	U.S.	45,000	#2 YC	$108.75	?
6/12	Portugal	Argentina	32,250	Ar. Corn	?	July
	Hong Kong	Thailand	3,000	Thai Corn	Various	June
	Singapore	Thailand	10,000	Thai Corn	Various	Nov/Jan
6/16	Mexico	U.S.	140,000	U.S. Corn	?	?
6/19	Peru	Argentina	25,000	Ar. Corn	$91.75	June-July

1/ YC=#3 Yellow Corn unless otherwise stated, and YS=Yellow Sorghum
2/ FOB unless otherwise noted.
3/ FH denotes first half; LH, last half.

SOURCE: Unofficial market news reports.

DEVELOPMENTS AFFECTING U.S. EXPORTS

Other Exporting Countries' Selling Activities and Competitive Practices

**Summary: Major corn and sorghum exporter shipments during the 4-week period ending June 19, totaled 1.8 million tons, about 15 percent above the previous 4-week period. Argentine sorghum exports increased as the new crop began to enter marketing channels, but total Argentine coarse grain shipments still lag well behind schedule for 1985/86 (October/September).

CORN and SORGHUM SHIPMENTS by MAJOR EXPORTING COUNTRIES
RECENT MONTHS and SEASON TOTALS for 1984/85-1985/86
(OCTOBER/SEPTEMBER--MILLION TONS)

	- SORGHUM -		CORN					
	ARGENTINA		ARGENTINA		THAILAND		--- TOTAL ---	
For Period Ending 1/	84/85	85/86	84/85	85/86	84/85	85/86	84/85	85/86
Mar. 20	0.1	0.1	0.6	0.4	0.2	0.4	0.9	0.9
Apr. 20	0.5	0.3	1.5	1.1	0.2	0.4	2.2	1.8
May 22	0.7	0.2	1.7	1.2	0.1	0.2	2.5	1.6
June 19	0.6	0.4	1.1	1.2	0.1	0.2	1.8	1.8
Cumulative Since October 1	2.4	1.2	4.4	4.4	2.4	2.6	9.2	8.2
Total for Season 2/	3.4	2.2	7.1	9.5	3.0	3.5	13.5	15.2

1/ Or nearest date.
2/ Forecast for 1985/86.
- Less than 0.1, N/A - Data not available.

**South Africa: South Africa may have lower exportable corn supplies in the coming months which could mean less competition for U.S. corn sales, particularly in Asian markets. Lower-than-expected yields due to dry weather during the growing season and delayed plantings have caused a reduction in South Africa's export forecast. South Africa at one time had been expected to sell over 2 million tons of corn in 1985/86 (October/September), mostly to Korea, Japan, and other Asian countries, but is now expected to export about one million tons. Since the United States is the major corn supplier to these Asian countries, any decline in South African corn sales would most likely benefit U.S corn exports.

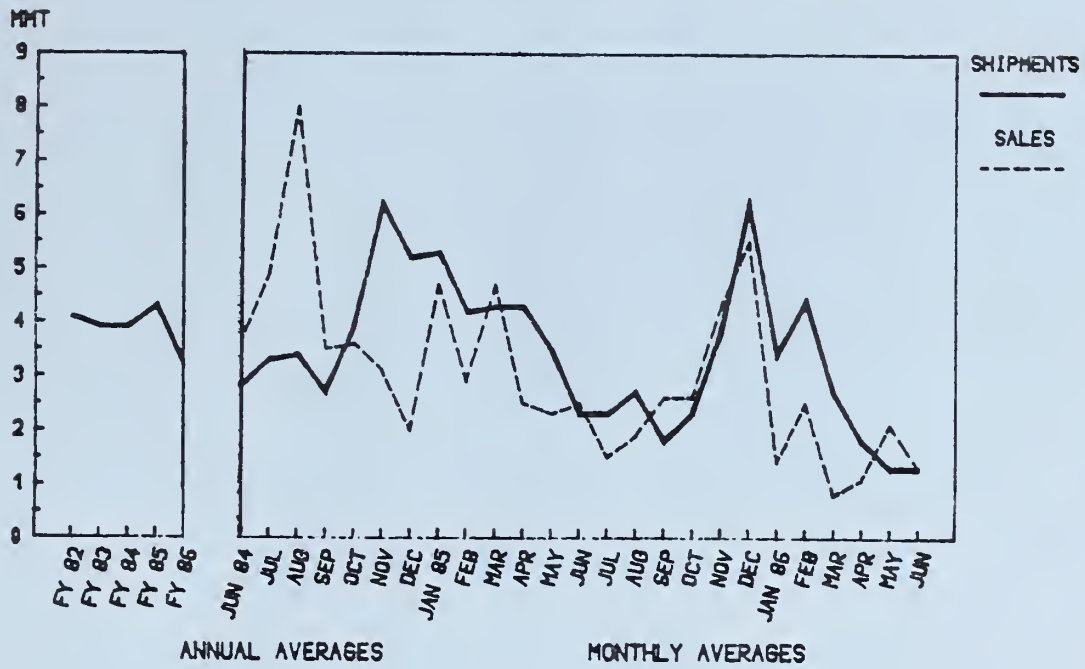
Until 1983, South Africa had traditionally been a net corn exporter, exporting about 3-4 million tons annually, mostly to Taiwan, Korea, and Japan. However, a poor harvest in 1983 and again in 1984 caused South Africa to leave the export market and U.S. corn exports filled the void. Improved production this year and last have allowed South Africa to once again to compete in U.S. export markets.

*China: Higher-than-expected Chinese sales and shipments of corn in 1985/86 (October/September), particularly to Japan and the Soviet Union, could mean lower market opportunities for U.S. corn exports to these markets. Chinese corn shipments to Japan through April are about 120 percent above last year's pace for the same period, while U.S. shipments are about 10 percent lower. China is expected to export 4.5 million tons of corn in 1985/86, up 500,000 tons from previous estimates. Last year, due to a record harvest and aggressive marketing, China exported a record 5.2 million tons of corn.

Competitive Developments in Selected Foreign Markets

**Mexico: A troubled economy and a shortage of foreign exchange have caused a reduction in Mexico's expected coarse grain imports for 1985/86 (October/September), which could lead to decreased U.S grain sales to that country in the next few months. A decline in consumer purchasing power may lead to lower-than-anticipated grain consumption while a lack of foreign exchange has caused Mexico to minimize agricultural imports. Mexico's recent use of a decree which allows its comptroller general to inspect and reject grain imports may prove to be one way of limiting imports. The decree had been waived for several previous tenders, but it was enforced for a recent corn tender. As a result, the tender was canceled when only one offer was received. U.S. coarse grain exports to Mexico during 1985/86 are currently running more than one million tons behind last year's pace. Mexico has about $20 million in fiscal 1986 GSM-102 financing remaining for feed grains.

U.S. CORN SHIPMENTS AND SALES
ANNUAL MONTHLY AVERAGES FOR FY 1982 - 1986(PROJ)
AND MONTHLY FROM JUNE 1984 - JUNE 1986



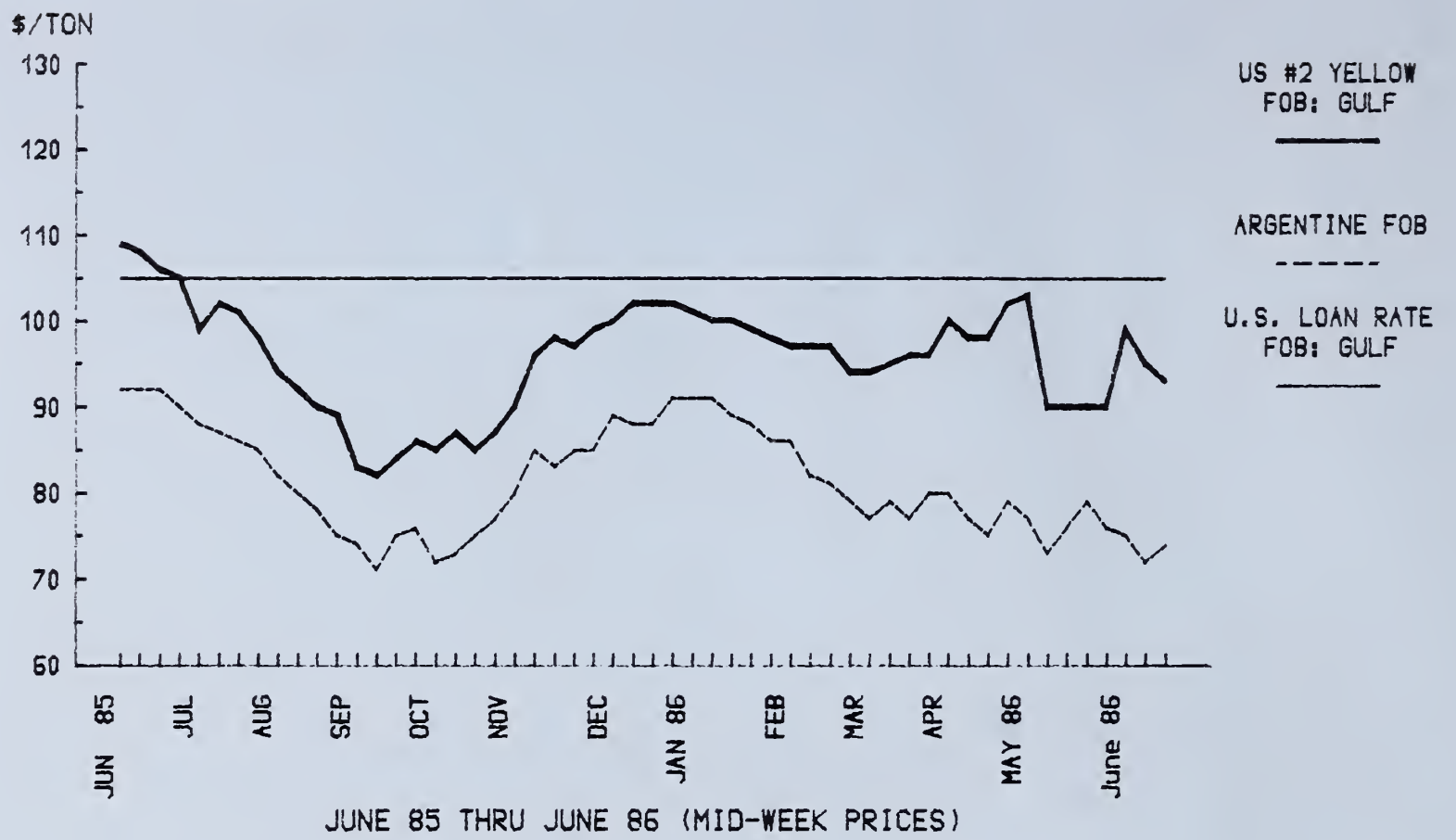
U.S. CORN and SORGHUM EXPORT COMMITMENTS to MAJOR DESTINATIONS
(OCTOBER/SEPTEMBER -- 1,000 TONS) 1/

Destination:	1982/83 Total Exports	1983/84 Total Exports	1984/85 Total Exports	1984/85 Committed as of 6/19/85	1985/86 Committed as of 6/19/86
-- CORN --					
EC-12	8,454	7,998	5,920	4,229	2,925
Other W. Europe	302	181	84	176	23
Eastern Europe	1,315	704	606	521	922
USSR	3,100	6,300	14,400	15,757	6,809
China	2,161	30	0	0	0
Japan	13,180	13,781	11,117	10,602	8,489
Taiwan	3,000	2,694	3,079	2,994	2,619
Rep. of Korea .	3,908	2,972	1,454	1,366	1,063
Egypt	1,516	1,303	1,399	1,135	1,330
Canada	344	283	421	226	25
Mexico	4,091	2,808	1,420	1,259	1,448
Venezuela	892	1,140	653	567	0
Others	5,263	7,140	6,122	4,597	3,569
TOTAL	47,526	47,334	46,675	43,429	29,221
-- SORGHUM --					
Spain	294	582	114	93	14
Other W. Europe	67	18	41	29	25
Japan	741	1,505	2,726	2,393	2,304
Israel	341	574	503	512	363
Mexico	3,260	2,758	2,156	1,947	287
Venezuela	243	206	1,033	817	722
Others	457	583	976	582	172
TOTAL	5,403	6,226	7,549	6,373	3,887

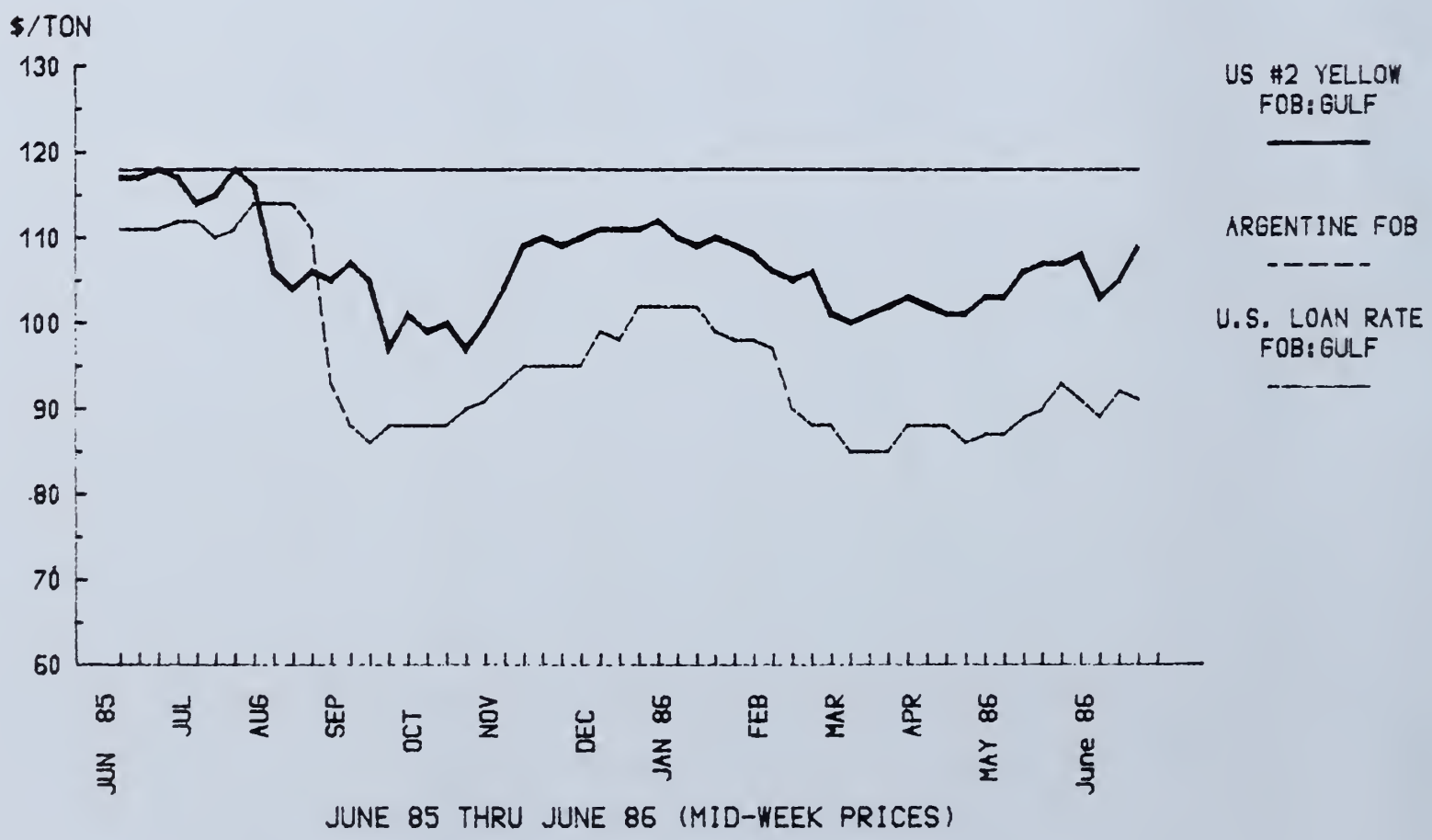
1/ Accumulated shipments and sales, excluding sales for next marketing year.

SOURCE: U.S. Bureau of Census and U.S. Export Sales.

SORGHUM EXPORT PRICES
U.S. AND ARGENTINE



CORN EXPORT PRICES
U.S. AND ARGENTINE



**Korea: Korean purchases of Thai corn during the first seven months of 1985/86 (October/September) are well ahead of last year's level for the same period, which could lead to displacement of U.S. corn sales. With a record 1985 corn crop, Thailand is aggressively seeking to sell its corn in traditional U.S. markets. Shipments of Thai corn to Korea for the first seven months of 1985/86 are about 770,000 tons ahead of last year's pace. Partly as a result, U.S. corn shipments to Korea, although above last year's pace, are well below the average for shipments during the same period for the past several years. Prior to 1984/85, the U.S. supplied almost all of Korea's corn import demand. However, since 1984/85, corn from Thailand and China and feed wheat from Canada, the EC and Australia have displaced over one-third of U.S. corn exports to Korea.

Korean Corn Imports
(October/September - 1,000 MT)

			----Shipments----	
			October thru April	
Origin	1983/84	1984/85	1984/85	1985/86
Argentina	52	---	---	120
Thailand	167	192	55	832
PRC	114	1,540	1,063	360
US	2,972	1,454	640	910
Total	3,252	3,193	1,758	2,222

Source: Exporter data.

Other Developments Affecting U.S. Exports

**Brazil: Despite the availability of U.S. credit, Brazil has recently bought 600,000 tons of Argentine corn while purchasing only 105,000 tons of U.S. corn. During the first eight months of fiscal 1986, only about $10 million of the $120 million in GSM-102 guarantees available to Brazil have been used. Due to a poor harvest this past year, Brazil--normally not a large corn importer--is expected to purchase about 2.1 million tons of corn in 1985/86 (October/September). In 1984/85, Brazil purchased all of its 200,000 tons of corn imports from the United States.

**Canada: The Ontario Corn Producers' Association has requested that a countervailing duty (CVD) be placed on Canadian imports of U.S. corn, which could jeopardize U.S. corn sales to that country. The Association claims that U.S. producers enjoy an unfair market advantage due to government programs which subsidize corn production. As a result, the Association believes a CVD on all Canadian imports of U.S. corn, except seed corn, sweet corn, and popcorn, is warranted. Given the legal steps required, a CVD could not be applied until at least sometime in late 1986. The United States supplies virtually all of Canada's corn import requirements which are expected to total about 550,000 tons in 1985/86 (October/September).

**Argentina: The possibility of a smaller Argentine corn crop and increased domestic utilization may mean smaller exportable supplies and therefore, greater market opportunities for U.S. corn sales in 1985/86 (October/September). Lower-than-expected yields could lead to a decline in Argentine corn production below the current estimate of 13 million tons. At the same time, smaller sorghum supplies and higher beef prices may cause increased demand for corn in feed rations. Given the above scenario, Argentina's corn exports in 1985/86 might only reach 8.5 million tons, a million tons below the current forecast. Total Argentine corn commitments for 1985/86 now total 8.0 million tons, but 500,000 tons of this are sales to Mexico, which have been postponed and might not be shipped until 1986/87.

**Southeast Asia: Feed shortages in southern China could lead to increased Chinese demand for corn. Since Thailand is China's main corn supplier, any increased Chinese demand for corn imports would most likely be filled by Thai corn, which would mean less competition in other grain markets and, hence, greater market opportunities for U.S. corn in Southeast Asia. Thai corn shipments and sales to China to date in 1985/86 (October/September) total 300,000 tons and already exceed earlier expectations. China could try to meet its feed grain shortage in the south with corn shipments from the north, but the country's poor transportation infrastructure would hinder this option. Also, in light of its need for foreign currency and its determination to meet its export commitments, China is likely to continue its aggressive grain export program.

EXPORT PROMOTION ACTIVITIES

**European Community: Representatives of the U.S. Feed Grain Council traveled to Europe this past month to discuss the U.S. private sector's views on EC enlargement and current trade problems between the United States and the EC. The team explained that the United States could not accept, without just compensation, the loss of its Spanish and Portuguese feed grain markets. It suggested that, as in previous cases of accession, EC levies on Spanish corn imports be suspended for several years in order to allow all parties time to adjust to market changes brought about by enlargement. During the past five years, Spain and Portugal have imported about 5-7 million tons of corn annually, almost 90 percent of which was of U.S. origin.

BARLEY, OATS, AND RYE

Export Forecast: The 1986/87 (June/May) forecast as of June 10, for barley, oats and rye remained unchanged from last month.

U.S. EXPORTS
(June/May - 1,000 MT)

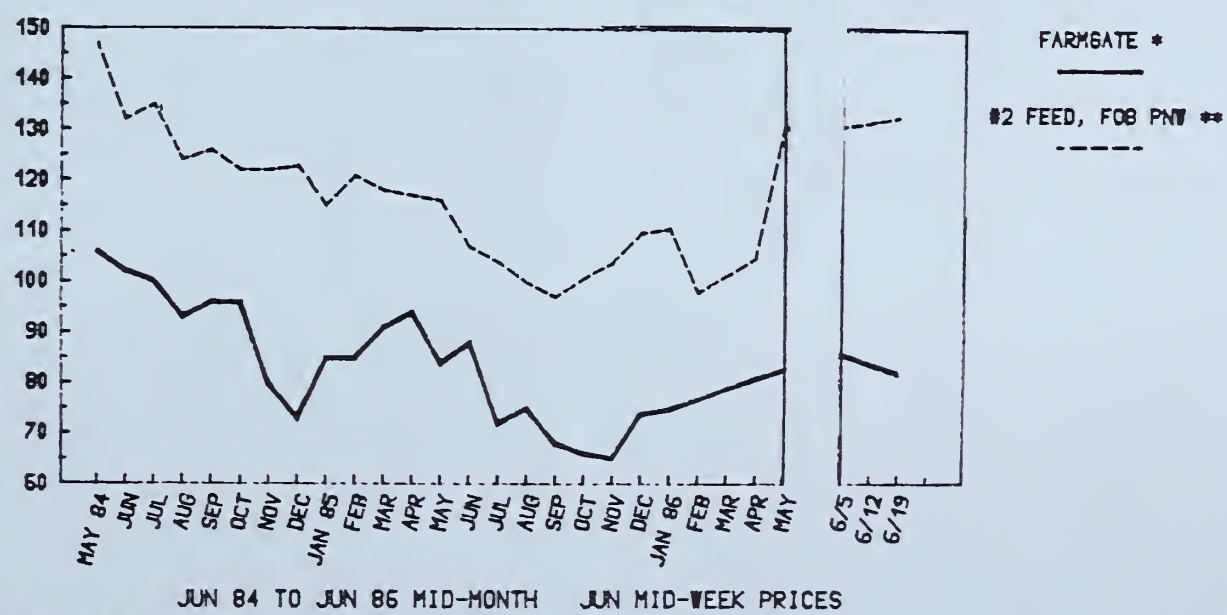
Grain	1984/85	1985/86 1/	1986/87 2/
Barley	1,676	544	980
Oats	15	30	30
Rye	25	25	25

1/ Estimated. 2/ Projected.

Developments Affecting U.S. Exports

**Spain: Drought conditions in Spain could lead to increased Spanish demand for coarse grain imports from other EC countries, which would reduce EC exportable supplies. Spain has already begun to purchase EC barley, reportedly taking 200,000 to 250,000 tons in recent weeks. In light of Spain's accession to the EC, it is not expected that additional Spanish import demand would be met by U.S. grain exports. Spain was expected to import 2.0 million tons of coarse grains in 1986/87 (October/September), but this figure could double because of the drought.

U.S. FEED BARLEY PRICES
INTERIOR AND EXPORT POSITIONS



*NO QUOTE FOR FEBRUARY THRU APRIL
**NO QUOTE FOR MARCH

U.S. BARLEY EXPORT COMMITMENTS to MAJOR DESTINATIONS
(JUNE/MAY -- 1,000 TONS) 1/

Destination	1983/84 Total Exports	1984/85 Total Exports	1985/86 Total Exports	1985/86 Committed as of 6/19	1986/87 Committed as of 6/19
EC-12	375	86	--	--	--
Other W. Europe	88	43	--	1	--
Eastern Europe	112	--	60	--	--
Taiwan	223	208	74	50	25
Japan	344	272	141	42	32
Others	792	951	106	52	0
TOTAL.....	1,934	1,560	381	145	57

1/ Accumulated shipments and sales, excluding sales for next marketing year.

SOURCE: U.S. Bureau of Census and U.S. Export Sales.

NOTE: Market year changed from October/September to June/May

BARLEY SHIPMENTS by MAJOR EXPORTING COUNTRIES
RECENT MONTHS and SEASON TOTALS for 1984/85-1985/86
(OCTOBER/SEPTEMBER--MILLION TONS)

For Period Ending 1/	AUSTRALIA 84/85	AUSTRALIA 85/86	CANADA 84/85	CANADA 85/86	FRANCE 2/ 84/85	FRANCE 2/ 85/86	U.K. 2/ 84/85	U.K. 2/ 85/86	TOTAL 84/85	TOTAL 85/86
Mar. 20	1.0	0.3	0.2	0.4	0.2	0.1	0.2	0.3	1.6	1.4
Apr. 20	0.7	0.2	0.2	0.4	0.2	0.1	0.2	0.1	1.3	0.8
May 22	0.4	NA	0.1	0.5	0.3	0.1	0.3	0.1	1.1	NA
June 19	0.6	NA	0.1	0.5	0.3	0.1	0.2	0.1	1.2	NA
Cumulative Since October 1	4.6	2.9	1.9	2.7	1.9	1.3	1.9	1.5	10.3	8.4
Total for Season 3/	5.6	4.0	2.5	3.5	2.1	2.0	2.3	1.5	12.5	11.0

1/ Or nearest date.
2/ Excludes intra-EC trade.
3/ Forecast for 1985/86.
- Less than 0.1, N/A - Data not available.

U.S. MARKET OPPORTUNITIES

**Israel: Authorization of an Export Enhancement Program (EEP) for Israel could lead to a significant increase in U.S. barley sales to that country. If realized, these sales would most likely displace EC barely and Thai tapioca. While U.S barley exports to Israel have been virtually nil the past several years, EC barley shipments to that country have grown by about 130,000 tons between 1983/84 (October/September) and 1984/85. Israeli imports of tapioca, which can be substituted for barley in feed rations, have also increased during this time period. After the announcement of an EEP for barley to Saudi Arabia, the EC authorized the sale of almost 400,000 tons of barley to that country from intervention stocks at a highly subsidized price. The current EEP allow for the sale of up to 200,000 tons of barley within the next year.

**Jordan: Authorization of an EEP for Jordan for 60,000 tons of barley increases U.S. grain export prospects to that country. The EC is the major supplier of barley to Jordan, exporting an average of about 50,000 tons annually during the past two years. Jordan is expected to import 50,000 tons of barley in 1985/86 (October/September).

GRAIN IMPORTS IN DEVELOPING COUNTRY
AND OTHER MARKETS 1/
IMPORTS FROM ALL OTHER ORIGINS

1/ Grain includes wheat and coarse grains. Wheat and coarse grain imports are on a July/June basis through 1975/76. From 1976/77 on, the trade year for coarse grains is October/September.
2/ Developing countries exclude United States, USSR, People's Republic of China, Argentina, Australia, Canada, Europe, Japan, South Africa and Thailand.

SUPPORTING DATA FOR COVER
GRAIN IMPORTS IN DEVELOPING COUNTRY AND OTHER MARKETS 1/

	----TOTAL IMPORTS-----		--IMPORTS FROM U.S.---		IMPORTS FROM ALL -----OTHER ORIGINS------	
TRADE YEAR	DEVELOPING COUNTRIES 2/	ALL OTHER MARKETS	DEVELOPING COUNTRIES 2/	ALL OTHER MARKETS	DEVELOPING COUNTRIES 2/	ALL OTHER MARKETS
	----------MMT----------					
1966/67	33.7	62.3	17.7	23.2	16.0	39.1
1967/68	32.9	57.0	18.3	21.6	14.6	35.4
1968/69	28.6	53.4	11.3	19.4	17.3	34.0
1969/70	30.9	58.2	13.9	21.8	17.0	36.4
1970/71	35.8	65.2	13.4	25.9	22.4	39.3
1971/72	36.1	65.2	15.1	22.6	21.0	42.6
1972/73	39.6	86.6	18.4	49.0	21.2	37.6
1973/74	52.0	82.0	25.0	50.7	27.0	31.3
1974/75	54.2	75.1	25.3	37.3	28.9	37.8
1975/76	48.3	93.6	26.6	51.4	21.7	42.2
1976/77	48.1	99.0	24.3	52.7	23.8	46.3
1977/78	55.6	106.0	30.1	57.4	25.5	48.6
1978/79	60.5	104.2	31.2	61.0	29.3	43.2
1979/80	72.5	112.7	38.6	70.0	33.9	42.7
1980/81	73.3	128.8	40.4	71.1	32.9	57.7
1981/82	74.3	123.6	38.5	68.7	35.8	54.9
1982/83	79.8	108.8	47.1	46.8	32.6	62.1
1983/84	91.0	102.8	45.2	49.5	45.8	53.3
1984/85	92.3	115.7	40.0	53.6	52.3	62.1
1985/86	82.4	87.7	33.6	30.5	48.8	57.2
1986/87	91.2	90.5	39.0	40.5	52.2	50.0

LATEST U.S. EXPORT FORECAST, SHIPMENTS, AND SALES 1/

Export Forecast: The estimate for the 1985/86 marketing year remains unchanged at 1.775 million tons. The forecast for the 1986/87 market year is 2.4 million tons.

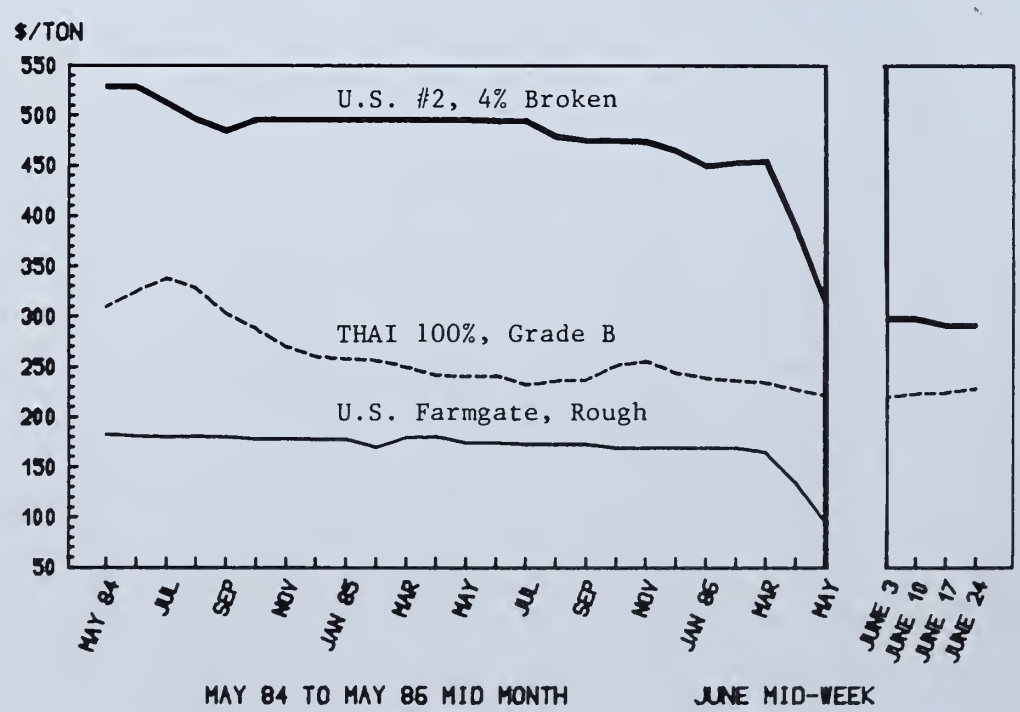
Shipments and Sales: U.S. rice exports during the four-week period ending June 19 totaled 128,700 tons, up slightly from the previously reported four-week total of 119,700 tons. Major destinations included Guinea, Madagascar, Mali, and Turkey. Cumulative shipments for the 1985/86 marketing year through June 19 totaled 1,389,100 tons, or about 18 percent below the level of shipments for the same period a year ago. During the four-week period ending June 19, registrations of new export sales for delivery in the current marketing year were 153,000 tons, down from the previous four-week total of 240,100 tons. Export commitments for 1985/86 delivery now total 1,674,300 tons, or approximately 15 percent below the 1,962,000 tons registered as of this date last year.

1/ Shipments and sales are on a product basis.

Weekly U.S. Rice Exports
(Metric Tons)

Week Ending		Actual	4-Week Moving Avg.
May	29	9,100	25,425
Jun	5	66,900	35,800
Jun	12	25,500	31,150
Jun	19	27,200	32,175

RICE PRICES
US AND THAI (C&F ROTTERDAM) AND US FARM



U.S. RICE EXPORT COMMITMENTS BY CLASS TO MAJOR DESTINATIONS

(AUGUST/JULY - 1,000 MT)

Destination	Marketing Year 4/	Long Grain Milled	Long Grain Brown 2/	Other 1/ Milled	Other 1/ Brown	Total Exports
EC-12	1982/83	1	214	15	--	230
	1983/84	29	192	2	70	293
	1984/85	10	209	7	98	331
	1985/86	*	150	2	--	151
Other W. Europe	1982/83	33	54	3	4	94
	1983/84	23	35	3	138	199
	1984/85	27	31	4	63	125
	1985/86	21	45	15	--	80
Iraq	1982/83	327	--	*	--	327
	1983/84	230	--	2	--	232
	1984/85	429	15	1	--	445
	1985/86	474	--	--	--	474
Saudi Arabia	1982/83	267	--	2	--	269
	1983/84	253	--	6	--	259
	1984/85	239	--	6	--	245
	1985/86	144	--	2	--	146
Other Middle East	1982/83	49	--	2	--	50
	1983/84	40	--	12	--	52
	1984/85	41	--	5	--	46
	1985/86	9	--	25	--	34
Republic of Korea	1982/83	--	--	*	213	213
	1983/84	--	--	*	112	112
	1984/85	--	--	--	--	--
	1985/86	--	--	--	--	--
Other Asia & Oceania	1982/83	2	--	129	--	131
	1983/84	3	--	140	--	143
	1984/85	3	--	99	--	102
	1985/86	2	--	10	152	164
Nigeria	1982/83	159	--	--	--	159
	1983/84	63	--	--	--	63
	1984/85	*	--	--	--	--
	1985/86	--	--	--	--	--
Other Africa	1982/83	148	110	153	4	415
	1983/84	95	150	136	--	381
	1984/85	116	65	278	11	476
	1985/86	185	51	144	10	391
Western Hemisphere	1982/83	137	23	86	38	284
	1983/84	156	24	109	14	303
	1984/85	137	49	13	19	217
	1985/86	116	95	10	15	235
Total 3/	1982/83	1,148	400	392	259	2,199
	1983/84	900	401	408	338	2,047
	1984/85	985	389	422	190	1,998
	1985/86	951	340	206	177	1,674

* Less than 500 tons.
1/ Includes short, medium, and mixed.
2/ Data not converted to a milled equivalency, and includes rough rice.
3/ Discrepancies due to rounding and changes to unknown destinations.
4/ 1985/86 year includes August 1 through June 19
SOURCE: U.S. Export Sales Report

IMPORTER BUYING ACTIVITY

Buying activity during the past month was centered in Brazil, as purchases by that country have created a short-term demand for rice unequaled over the past several years on the world market. Trade sources indicate that from 500,000 to 700,000 tons of rice has been purchased from a variety of origins, including Argentina, Uruguay, China, Pakistan, Thailand, and the United States. Indications are that Brazil has bought at least 400,000 tons of milled rice and 200,000 tons of rough rice for import over the next three months. In other activity, Iran purchased 30,000 tons, and the Ivory Coast bought 40,000 tons from Thailand.

****

ESTIMATED 1986 IMPORT COMMITMENTS FOR SELECTED COUNTRIES 3/
(TMT)

TO/FROM	U.S.	THAILAND	PAKISTAN	BURMA	OTHER	TOTAL COMMITMENTS
IRAQ	208	45	--	--	1/	253
IRAN	--	90	150	--	N.A.	240
SAUDI ARABIA	96	72	116	--	N.A.	284
BRAZIL	205	255	150	101	152	863
PERU	--	81	--	--	61	142
NIGERIA	--	93	--	--	N.A.	93
S. AFRICA	24	50	--	--	4	78
EC 12	105	217	1	20	7 2/	350
VIETNAM	--	141	--	144	100	385

1/ NO INFO IS AVAILABLE ON SALES BY AUSTRALIA.
2/ DATA FROM URUGUAY ONLY.
3/ BASED ON EXPORTER DATA.

OTHER DEVELOPMENTS AFFECTING U.S. EXPORTS

The Thai Board of Trade has increased posted prices over the past month, with prices for 100 percent grade B now at $220 per ton. Actual export prices of 100 percent B and parboiled 5 percent were stronger at $180 and $140 per ton, respectively. Last year at this time, 100 percent B was selling at $199 per ton, while parboiled 5 percent was available at $184 per ton. A-1 Special broken rice is up again at $102 per ton.

On the Rotterdam market, U.S. #2/4 percent long grain now sells for $291 per ton c.&f., while Thai 100 percent B (bulk) is at $229 per ton c.&f.. U.S. bulk brown now sells for about $187 per ton c.&f., compared to $194 per ton c.&f. for Thai brown.

SELECTED RECENT RICE IMPORTER BUYING ACTIVITY
REPORTED BETWEEN MAY 26, AND JUNE 25, 1986

Buyer	Origin	Quantity 1,000 Tons	Quality 1/	Price $/MT 2/	Delivery Period	Date of Report
Benin	Thailand	3.0	P 5%	N/A	N/A	6/10
	Thailand	5.0	P 10%	N/A	N/A	6/24
Brazil	Thailand	30.0	100% B	180.00	Jul/Aug	6/18
	Thailand	30.0	100% B	180.00	Jul/Aug	6/24
	Pakistan	30.0	10/15%	175.00	Jul/Aug	6/23
Cameroon	Thailand	4.0	15%	N/A	N/A	6/4
	Thailand	2.0	35%	N/A	N/A	6/4
Cameroon/Nigeria	Thailand	5.0	P 5%	144.00	N/A	6/4
	Thailand	10.5	P 5%	N/A	N/A	6/4
China	Thailand	1.6	GL Broken	N/A	N/A	6/10
	Thailand	3.1	A-1 SPEC	N/A	N/A	6/18
Dubai	Thailand	3.0	5%	N/A	N/A	6/10
	Thailand	2.0	5%	N/A	N/A	6/18
	Thailand	1.0	5%	N/A	N/A	6/24
Gambia	Thailand	18.0	A-1 SPEC	N/A	N/A	6/10
Iran	Thailand	30.0	100% B	N/A	N/A	6/18
Italy	Thailand	3.2	10%	N/A	N/A	6/18
	Thailand	5.7	100% B	N/A	N/A	6/18
Ivory Coast	Thailand	40.0	35%	133-134.00	N/A	6/24
Malaysia	Thailand	1.5	GL 10%	N/A	N/A	6/4
Madagascar	Thailand	12.0	15%	150.00	N/A	6/10
Reunion	Thailand	2.1	P 100%	N/A	N/A	6/18
Senegal	Thailand	10.5	A-1 SPEC	N/A	N/A	6/18
Syria	Thailand	12.0	100% B	203.95	July	6/10
USSR	Thailand	13.4	15%	150.00	N/A	6/4
W Africa	Thailand	10.0	35%	132.00	N/A	6/10
N/A	Thailand	30.0	N/A	N/A	N/A	6/4
	Thailand	33.1	N/A	N/A	N/A	6/10
	Thailand	31.2	N/A	N/A	N/A	6/18
	Thailand	17.2	N/A	N/A	N/A	6/24
N/A	Pakistan	20.0	15% SIND	170.00	Jun/Jul	6/24
	Pakistan	20.0	15/20% SIND	157.00	Jun/Jul	6/24
	Pakistan	N/A	BASMATI	725.00	Jun/Jul	6/24

1/ P = Parboiled, LG = Long Grain, MG = Medium Grain, SG = Short Grain, Br = Brown, F = Fragrant, L/Bld = Long, Boiled, F/Bld = Full Boiled, Gl = Glutinous, S = Super, Spec = Special

2/ F.O.B. basis unless otherwise indicated. Price information is in many cases unconfirmed and as reported through unofficial market sources.

**Thailand: Thai exports increased during the past four weeks to 444,841 tons, up from the 353,501-ton level of the previously reported four-week period. Calendar year exports through June 14 totaled 2,385,000 tons, 9 percent greater than the 2,171,000 tons exported in same period last year.

Weekly Thai Rice Exports
(Metric Tons)

Week Ending	Actual	4-Week Moving Avg.
May 24	113,183	93,228
May 31	104,821	98,974
Jun 7	113,348	112,022
Jun 14	113,489	111,210

Apparent export commitments for calendar year 1986 as of May 14 are estimated at 2,631,644 tons (as-is basis), compared with 2,663,818 tons registered at the same time last year.

The Department of Foreign Trade acted to strenghthen the domestic price of rice by purchasing 200,000 tons from wholesale markets. The purchases included 50,000 tons each of 10 percent, 25 percent super, 100 percent B, and parboiled 5 percent. This move, coupled with the Board of Trade increases in posted prices, is seen as a concerted effort to increase Thai export prices.

In other developments, Thailand has apparently sold a substantial quantity of rice to Brazil, reportedly 100,000 to 150,000 tons. Thailand still hopes to clinch a barter agreement with Iran for 200,000 tons of rice in exchange for crude oil.

**Burma: The Myanma Export Import Corporation (MEIC) reportedly exported 51,436 tons of rice during May. This brings the export total to 367,700 tons in CY 1986, compared with only 137,600 tons for the same 1985 period. The largest export destinations in April were Vietnam (18,958 tons) and China (19,152 tons). Export sales by MEIC are now estimated at almost 550,000 tons for the year. Burma is currently forecast to export 600,000 tons of rice in CY 1986.

**Pakistan: The Rice Export Corporation of Pakistan (RECP) reportedly exported 87,944 tons of rice in May, bringing total exports in CY 1986 to 561,922. This amount compares with 210,189 for the same period a year ago. The RECP has again taken offers on coarse rice, and has reportedly sold 30,000 tons of 10 percent "re-milled" rice for Brazil at $175 per ton. Other sales included 40,000 of 15/20 percent rice.

**Brazil: The Central Bank of Brazil (CACEX) has accepted applications and reportedly issued import licenses for 500,000 to 700,000 tons of rice. The rice is to be imported in the period of July through September. The large import requirements are due not to a poor crop, but to economic considerations. With price controls in place for rice on the retail level, the government plans to keep a large availability of rice to ensure success of the program.

U.S. EXPORT EXPANSION ACTIVITIES

A visit to the Ivory Coast, Guinea, and Senegal was made by members of the Rice Council for Market Development and FAS staff. The purpose of the trip was to analyze market development opportunities created by the lower U.S. prices as a result of the marketing loan program.

In the Ivory Coast, a small market for U.S. packaged rice can be expected to increase due to the lower prices. However, the buying procedures used by the Ministry of Commerce and Caisse de Perequation may constrain efforts to enter the bulk rice market. USDA currently estimates CY 1986 Ivorian imports at 250,000 tons.

In Guinea, there has been a shift from governmental importing to the private trade. This new private environment is likely to stimulate increased rice imports. Both public and private U.S. efforts are working toward this end, including sponsoring a delegation from Guinea to the U.S. in July. Purchases of U.S. rice under the PL-480 program have totaled 25,000 tons in 1986. USDA estimates that Guinea will import 100,000 tons of rice this calendar year.

An effort is also being made in Senegal to shift rice importing to private hands, though there have been delays due to concerns about the financing capacity of private traders. There have been indications that consumers may now be more willing to purchase rice of a higher quality than the 100 percent broken that has been traditionally imported. A recent shipment of U.S. #5/20 percent broken rice sold well in the marketplace. Senegal has purchased 22,000 tons of U.S. rice under the PL-480 program in 1986. USDA estimates that Senegal will import 350,000 tons of rice in CY 1986.

**GSM-102: Credit Guarantees of $115.6 million remain for Iraq and $8.9 million for Jamaica. Credit lines for other eligible countries remain at allocated levels: Brazil $50.0 million, Guatemala $2.0 million, Jordan $12.0 million, and Portugal $19.0 million.

**PL-480: Over the past month, the agreement for Jamaica was amended to add $2 million for rice. See table below for details of the FY 1986 agreements and sales to date.

STATUS OF FY 86 TITLE I/III OBLIGATIONS
AS OF 6/26/86
(1,000 MT, $MILLION)

COUNTRY DATES	AGREEMENTS QTY	AGREEMENTS VALUE	PA'S ISSUED QTY	PA'S ISSUED VALUE	SALES QTY	SALES VALUE	TYPE & PRICE $/MT (FAS)
BANGLADESH	35.0	10.0	35.0	10.0			
GUINEA	20.0	6.0	20.0	6.0	10.0	3.1	LG 296-308
					15.1	2.9	LG 194
JAMAICA	22.0	8.0	22.0	6.0	11.6	6.0	B LG 296-305 (FOB
					14.3		B LG 141-187 BULK)
LIBERIA	48.0	11.0	48.0	11.0	31.0	6.2	PB LG 196-203
MADAGASCAR	13.8	4.0	18.0	4.0	24.1	4.0	MG 166 BULK (FOB)
MOZAMBIQUE	10.0	2.9	10	2.9	14.7	2.9	MG 10.8 MT 195-198
							LG 3.9 MT 198-199
SENEGAL	18.3	5.5	18.3	5.5	22.4	5.5	16.8 MT MG 240-252
							5.6 MT LG 245-249
SIERRA LEONE	9.0	2.0	9.0	2.0	11.6	2.0	11.6 MT LG 173
SOMALIA	17.0	4.4	17.0	4.4	24.7	4.3	14.2 MT LG 173-180
							10.5 MT MG 173-178
YEMEN (YAR)	13.0	5.0	13.0	5.0	23.9	5.0	PB 2/4 LG 205-214

U.S. WHEAT, CORN, SORGHUM, BARLEY, OATS, AND RYE SUPPLY/DISTRIBUTION
MILLION BUSHELS/MILLION ACRES

	Beginning Stocks	Harvested Area	Yield	Production	Imports	Exports	Feed Usage	Total Domestic Use
Wheat								
1976/77	666	70.9	30.3	2,149	3	950	75	755
1977/78	1,113	66.7	30.7	2,046	2	1,124	192	859
1978/79	1,178	56.5	31.4	1,776	2	1,194	158	837
1979/80	924	62.5	34.2	2,134	2	1,375	86	783
1980/81	902	71.1	33.5	2,381	3	1,514	60	783
1981/82	989	80.6	34.5	2,785	3	1,771	135	847
1982/83	1,159	77.9	35.5	2,765	8	1,509	195	908
1983/84	1,515	61.4	39.4	2,420	4	1,429	369	1,111
1984/85	1,399	66.9	38.8	2,595	8	1,424	410	1,154
1985/86	1,425	64.7	37.5	2,425	14	910	325	1,085
1986/87	1,869			2,153	4	1,100	400	1,170
1987/88	1,757							
Corn								
1976/77	633	71.5	88.0	6,289	3	1,657	3,590	4,133
1977/78	1,136	70.6	92.1	6,505	3	1,909	3,717	4,298
1978/79	1,436	71.9	101.0	7,268	1	2,124	4,264	4,872
1979/80	1,710	72.4	109.5	7,928	1	2,415	4,549	5,189
1980/81	2,034	73.0	91.0	6,639	1	2,408	4,157	4,875
1981/82	1,392	74.6	108.9	8,119	1	2,010	4,169	4,966
1982/83	2,537	72.7	113.2	8,235	1	1,834	4,521	5,416
1983/84	3,523	51.5	81.1	4,175	3	1,902	3,816	4,793
1984/85	1,006	71.9	106.7	7,674	4	1,865	4,116	5,170
1985/86	1,648	75.1	118.0	8,865	3	1,300	4,100	5,230
1986/87	3,986			7,575	1	1,625	4,200	5,350
1987/88	4,587							
Sorghum								
1976/77	49	14.5	49.0	711	-	254	449	459
1977/78	47	13.8	56.6	781	-	223	436	447
1978/79	157	13.4	54.5	731	-	190	540	552
1979/80	146	12.9	62.6	807	-	330	494	506
1980/81	118	12.5	46.3	579	-	293	336	347
1981/82	57	13.7	64.0	876	-	260	416	427
1982/83	247	14.1	59.1	835	-	210	475	485
1983/84	387	10.0	48.7	488	-	245	412	422
1984/85	209	15.3	56.4	866	-	297	553	572
1985/86	206	16.7	66.7	1,113	-	175	575	595
1986/87	549			850	-	260	575	595
1987/88	544							
Barley								
1976/77	128	8.4	45.6	383	11	66	172	330
1977/78	126	9.7	44.0	428	9	57	177	333
1978/79	173	9.2	49.2	455	10	26	217	384
1979/80	228	7.5	50.9	383	12	55	204	376
1980/81	192	7.3	49.7	361	10	77	174	349
1981/82	137	9.0	52.4	474	10	100	198	372
1982/83	148	9.0	57.2	516	11	47	241	411
1983/84	217	9.7	52.3	509	7	92	283	452
1984/85	189	11.2	53.4	599	10	77	304	474
1985/86	247	11.5	51.0	589	8	25	300	470
1986/87	350			600	5	45	300	475
1987/88	435							
Oats								
1976/77	205	11.8	45.9	540	2	10	490	573
1977/78	164	13.5	55.6	753	2	12	509	594
1978/79	313	11.1	52.3	582	1	13	525	603
1979/80	280	9.7	54.4	527	1	4	492	568
1980/81	236	8.7	53.0	459	1	13	432	506
1981/82	177	9.4	54.2	510	2	7	454	530
1982/83	152	10.3	57.8	593	4	3	441	526
1983/84	220	9.1	52.6	477	30	2	466	544
1984/85	181	8.2	58.0	474	34	1	433	508
1985/86	180	8.2	63.6	519	25	2	450	530
1986/87	192			530	25	2	450	535
1987/88	210							
Rye								
1976/77	4	0.7	21.4	15	-	-	5	15
1977/78	4	0.7	24.4	17	-	-	7	17
1978/79	4	0.9	26.0	24	-	-	8	19
1979/80	9	0.9	25.7	22	-	2	7	17
1980/81	12	0.7	24.6	16	-	8	7	16
1981/82	4	0.7	26.6	18	-	2	8	18
1982/83	3	0.7	28.9	20	3	-	10	20
1983/84	6	0.9	30.3	27	2	1	12	22
1984/85	11	1.0	33.1	33	1	1	14	24
1985/86	20	0.7	28.8	21	2	1	13	24
1986/87	18			23	1	1	13	23
1987/88	19							

Notes: Commodity Years As Follows: June/May-Wheat, Barley, Oats and Rye; October/September-Corn and Sorghum.
"-" Denotes zero.

Source: World Agricultural Supply and Demand Estimates No. 193, June 10, 1986

QUANTITY and VALUE of U.S. GRAIN and FEED COMMODITY EXPORTS
IN FISCAL YEAR 1985 with COMPARISON to the PRECEDING YEAR

COMMODITY	APRIL FY 85	APRIL FY 86	CUMULATIVE OCT THRU APR FY 85	CUMULATIVE OCT THRU APR FY 86	ACTUAL EXPORTS FY 85	PROJECTED EXPORTS FY 86
WHEAT (grain only)						
Quantity (1000 tons).....	1,845	1,536	18,621	13,451	28,524	25,000
Value Per Ton (dollars).....	$154	$137	$153	$138	$149	$128
Value (in million dollars)....	$284	$211	$2,844	$1,855	$4,263	$3,200
CORN (grain only)						
Quantity (1000 tons).....	4,259	1,458	33,375	24,092	46,276	33,860
Value Per Ton (dollars).....	$126	$109	$127	$109	$125	$110
Value (in million dollars)....	$538	$159	$4,222	$2,616	$5,771	$3,725
SORGHUM (grain only)						
Quantity (1000 tons).....	500	216	4,861	2,513	7,549	4,445
Value Per Ton (dollars).....	$120	$102	$116	$96	$115	$100
Value (in million dollars)....	$60	$22	$564	$241	$868	$444
BARLEY, OATS, AND RYE (grain only)						
Quantity (1000 tons).....	5	16	890	194	1,202	375
Value Per Ton (dollars).....	$200	$125	$130	$103	$122	$99
Value (in million dollars)....	$1	$2	$116	$20	$147	$37
TOTAL COARSE GRAINS (grain only)						
Quantity (1000 tons).....	4,764	1,690	39,126	26,799	55,027	38,680
Value Per Ton (dollars).....	$126	$108	$125	$107	$123	$109
Value (in million dollars)....	$599	$183	$4,902	$2,877	$6,786	$4,206
RICE (grain only)						
Quantity (1000 tons).....	148	94	1,059	881	1,908	1,800
Value Per Ton (dollars).....	$345	$340	$360	$373	$354	$300
Value (in million dollars)....	$51	$32	$381	$329	$676	$540
PULSES						
Quantity (1000 tons).....	20	19	272	295	425	450
Value Per Ton (dollars).....	$500	$421	$467	$478	$461	$489
Value (in million dollars)....	$10	$8	$127	$141	$196	$220
FLOUR AND OTHER GRAIN PRODUCTS						
Quantity (1000 tons).....	327	282	1,423	5,550	2,481	3,200
Value Per Ton (dollars).....	$214	$206	$235	$148	$223	$205
Value (in million dollars)....	$70	$58	$334	$819	$554	$656
FORAGE, HAY, MIXED FEED AND GRAIN BYPRODUCTS						
Quantity (1000 tons).....	596	682	3,879	4,626	6,395	7,000
Value Per Ton (dollars).....	$151	$160	$153	$151	$151	$150
Value (in million dollars)....	$90	$109	$592	$697	$964	$1,050
TOTAL VOLUME (in thousand tons)	7,700	4,303	64,378	47,764	94,760	76,130
TOTAL VALUE (in million dollars)	$1,104	$601	$9,178	$6,224	$13,439	$9,872

SOURCE: U.S. Bureau of Census.

U.S. Wheat Programs

	1984 Program		1985 Program		1986 Program	
	Equivalent Export Price 1/ ($/Ton)	Farm Price ($/Bu)	Equivalent Export Price 1/ ($/Ton)	Farm Price ($/Bu)	Equivalent Export Price 1/ ($/Ton)	Farm Price ($/Bu)
Trigger Release Price	$200	$4.45	$200	$4.45	----	----
Target Price	$198	$4.38	$198	$4.38	$198	$4.38
Loan (Reserve)	$158	$3.30	$158	$3.30	----	
National Loan	$158	$3.30	$158	$3.30	$125	$2.40
Season Average Producer Price	$161	$3.38	$153	$3.16	$119-129	$2.25-2.50
Farm Price 2/	----	----	----	----	$114	$2.10
Paid Diversion	$136	$2.70	$136	$2.70	----	$2.00 Winter $1.10 Spring

1/ Estimated equivalent, adjusted from $/Bu at the farm level by including transportation and handling allowances of $1.00 per bushel.
2/ ASCS 5-day moving average as of June 19, 1986.

U.S. Corn Programs

	1984 Program		1985 Program		1986 Program	
	Equivalent Export Price 1/ ($/Ton)	Farm Price ($/Bu)	Equivalent Export Price 1/ ($/Ton)	Farm Price ($/Bu)	Equivalent Export Price 1/ ($/Ton)	Farm Price ($/Bu)
Trigger Release Price	$159	$3.25	$159	$3.25	----	----
Target Price	$151	$3.03	$151	$3.03	$151	$3.03
Loan (Reserve)	$136	$2.65	$132	$2.55	----	----
National Loan	$132	$2.55	$132	$2.55	$107	$1.92
Season Average Producer Price	$135	$2.62	$124	$2.35	$102-112	$1.80-2.05
Farm Price 2/	----	----	$123	$2.33	----	----
Paid Diversion	----	----	----	----	----	$0.73

1/ Estimated equivalent, adjusted from $/Bu at the farm level by including transportation and handling allowances of $.80 per bushel.
2/ ASCS 5-day moving average as of June 19, 1986.

*U.S. GOVERNMENT PRINTING OFFICE: 1986-490-916:40427/FAS

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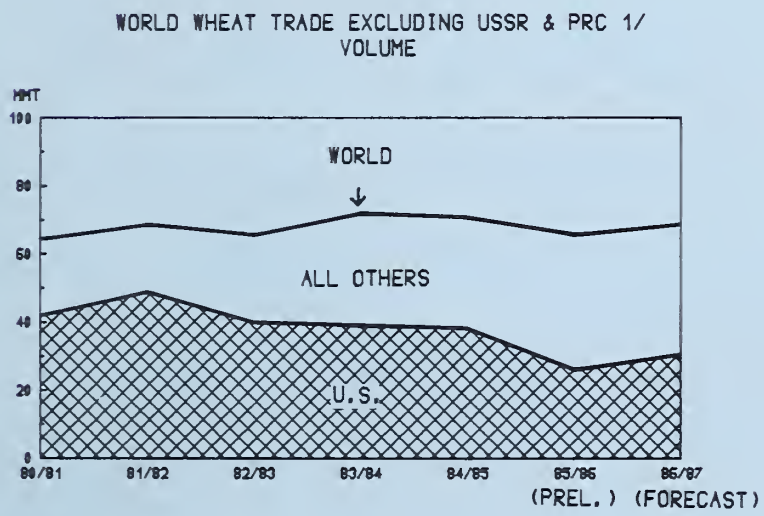
Foreign Agriculture Circular

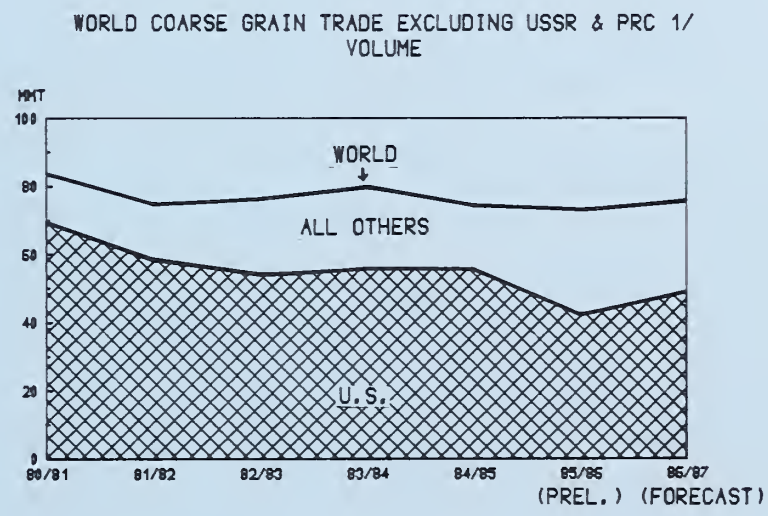
Grains

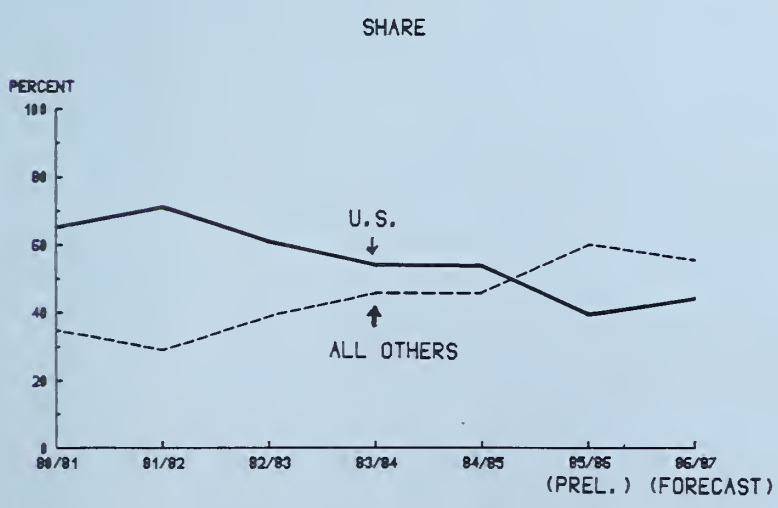
Export Markets for U.S. Grain and Products

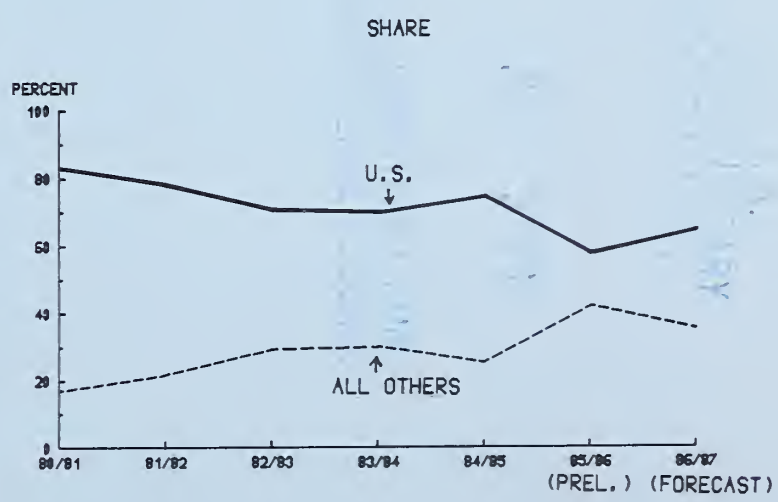
EMG-5-86
May 1986

This month's cover graphs plot the course of world trade in wheat and coarse grains, excluding imports by the USSR and PRC, over the past several seasons. They show the partial recovery expected for 1986/87 after a sharp decline, and show a projected moderate upturn in the U.S. market share, again after a longer period of decline.









1/ Excludes imports by the USSR and PRC.
Supporting data on page 2.

Approved by the World Agricultural Outlook Board - USDA

SUPPORTING DATA FOR COVER

WORLD WHEAT AND COARSE GRAIN TRADE EXCLUDING USSR & PRC 1/

	WHEAT				COARSE GRAINS			
	VOLUME		SHARE		VOLUME		SHARE	
YEAR	WORLD LESS USSR & PRC	U.S.	U.S.	ALL OTHERS	WORLD LESS USSR & PRC	U.S.	U.S.	ALL OTHERS
	MMT		PERCENT		MMT		PERCENT	
80/81	64.3	41.9	65.2	34.8	83.7	69.5	83.0	17.0
81/82	68.6	48.8	71.1	28.9	74.7	58.4	78.2	21.8
82/83	65.5	39.9	60.9	39.1	76.4	54.0	70.7	29.3
83/84	71.9	38.9	54.1	45.9	79.8	55.8	69.9	30.1
84/85	70.6	38.1	54.0	46.0	74.3	55.5	74.7	25.3
85/86	65.6	26.0	39.6	60.4	73.0	42.2	57.8	42.2
86/87	68.7	30.5	44.4	55.6	75.7	49.0	64.7	35.3

1/ EXCLUDES IMPORTS BY THE USSR & PRC.

EXPORT MARKET FOR U.S. GRAIN AND FEED PRODUCTS
May 30, 1986

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HIGHLIGHTS

The initial 1986/87 U.S. grain forecast projects U.S. wheat exports for (June/May) up about 22 percent from 1985/86 to 29.9 million tons and U.S. coarse grain exports for October-September up about 16 percent from 1985/86 to 49.0 million tons. Lower prices and increased world demand are behind the expected rise. The 1985/86 U.S. wheat export forecast remains unchanged from last month at 24.5 million tons, while the U.S. coarse grain forecast was lowered to 42.2 million tons from last month's figure of 44.0 million tons.

--Turkey received an additional $60 million in FY 1986 GSM-102 credit for wheat, together with approval for an additional 500,000 tons of wheat for sale under the EEP.

--Nigeria may totally ban wheat import licenses in CY 1987, in an effort to save scarce foreign exchange.

--South Africa began its 1985/86 (October/September) wheat import program with a purchase of 50,000 tons of Canadian milling quality wheat.

--Mexico could purchase additional U.S. grain in place of Argentine grain depending upon the availability of credit.

--The EC-12 renewed its manioc agreement with Thailand, but expanded it to 21 million tons over a 4-year period.

--South Africa sold Taiwan about 130,000 tons of corn.

--Korea lowered its CY 1986 feed grain quotas from initial levels which, in effect, allows no growth in feed grain imports from 1985.

--The EC Commission authorized the sale of nearly 400,000 tons of barley from Government intervention stocks to Saudi Arabia at about $66.00 per ton.

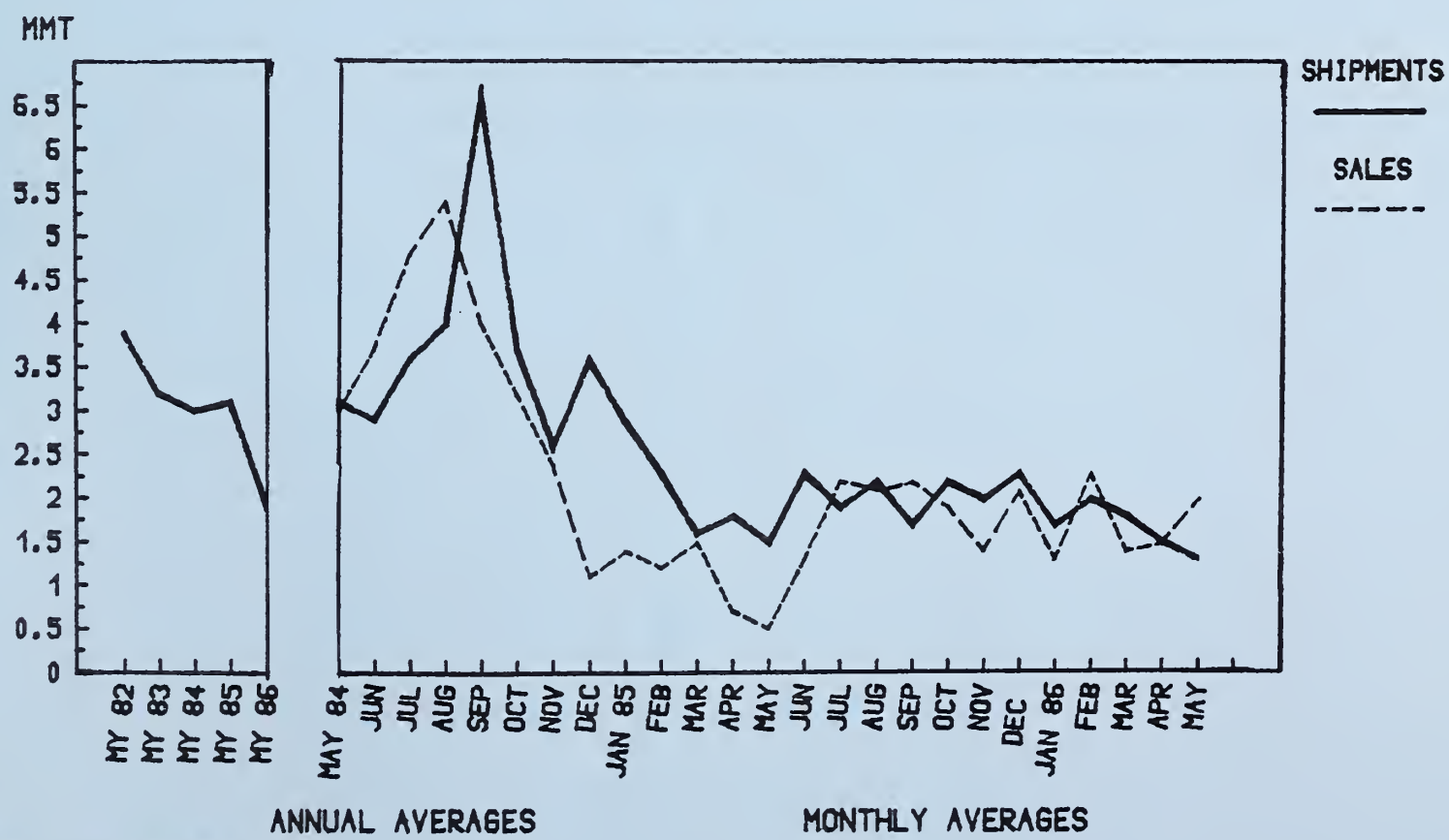
WHEAT

LATEST U.S. EXPORT FORECAST, SHIPMENTS, AND SALES

Export Forecast: The initial 1986/87 (June-May) wheat export estimate projects U.S. exports up about 22 percent from 1985/86 to 29.9 million tons, but still well below previous export levels which averaged about 38.8 million tons annually over the past 5 years. Lower prices and increased world demand are behind the expected rise. The 1985/86 U.S. wheat export forecast remains unchanged from last month at 24.5 million tons. Accumulated exports through May 22 totaled 21.8 million tons.

Shipments and Sales: Wheat shipments during the 5-week period ending May 22 totaled 1.3 million tons, down 35 percent from the last 5-week period. Japan and Algeria were the leading destinations. New sales of 2.0 million tons during the period, including 1.5 million tons for shipment in 1986/87 (June/May), were up 18 percent from the last 5-week period. Total sales for 1986/87 are about 750,000 tons above last year's level at this time. Algeria and Nigeria were the principal buyers for this year while Japan, Bolivia and Brazil were the major buyers for next year.

U.S. WHEAT SHIPMENTS AND SALES
ANNUAL MONTHLY AVERAGES FOR MY 1982 - 1986(PROJ)
AND MONTHLY FROM MAY 1984 - MAY 1986



MY IS JUNE/MAY MARKETING YEAR

U.S. WHEAT SHIPMENTS, SALES, and INSPECTIONS
(JUNE/MAY--MILLION TONS)

Monthly SHIPMENTS		
For Period Ending	1984/85	1985/86
Feb. 20	2.3	1.7
Mar. 20	1.5	1.8
Apr. 17	1.8	1.5
May 22	1.6	1.3
Cumulative for MY..	35.4	21.8

Weekly Average for Monthly SALES 1/		
For Period Ending	1984/85	1985/86
Feb. 20	1.2	1.6
Mar. 20	1.6	1.8
Apr. 17	1.4	1.5
May 22	2.0	2.0
Cumulative for MY..	39.3	26.9

Weekly and Annual INSPECTION Rates	MT	BU
Week Ending May 15	0.3	9.7
Week Ending May 22	0.2	7.5
Official Estimate for 1985/86 (Grain only)	22.7	835
Implied Weekly Average	0.4	16.1
Latest Six Weeks	0.3	10.5
Marketing Year-to-Date Weekly Average	0.4	16.3
MY Year-to-Date Average Extrapolated Annually	23.0	846
Weekly Average Required during Remainder of MY to Achieve Official Estimate ..	0.2	5.6

1/ Sales made since the beginning of the applicable marketing year, including sales for shipment in the next marketing year.

SOURCE: Shipments and sales data from U.S. Export Sales. Inspections data from the Federal Grain Inspection Service.

SUPPLY and DISTRIBUTION of U.S. WHEAT by CLASS
(MILLION BUSHELS)

Marketing Year beginning June 1	Hard Winter	Hard Spring	Soft Red	White	Durum	Total
--- 1984/85 ---						
Beginning Stocks	745	314	74	167	99	1,399
Production	1,251	409	531	301	103	2,595
Total Supply 1/	1,996	725	605	470	207	4,003
Domestic Use	562	171	288	87	46	1,153
Exports	717	183	253	210	61	1,424
Total Use	1,279	354	541	297	107	2,578
Ending Stocks	717	371	64	173	100	1,425
--- 1985/86 ---						
Beginning Stocks	717	371	64	173	100	1,425
Production	1,230	460	368	254	113	2,425
Total Supply 1/	1,947	837	432	430	218	3,864
Domestic Use	556	183	215	76	55	1,085
Exports	417	160	145	130	48	900
Total Use	973	343	360	206	103	1,985
Ending Stocks	974	494	72	223	115	1,878

1/ Includes imports.

SOURCE: World Agricultural Supply and Demand Estimates, No. 193 - May 9, 1986.

IMPORTER BUYING ACTIVITY

In general, purchasing activity in the world market remained relatively slow again this past month as importers deferred purchases in anticipation of still lower world prices. Purchases by Taiwan and Japan, together with about 275,000 tons of sales under the Export Enhancement Program (EEP)--mostly to Morocco, Egypt, and Iraq--highlighted the month's buying acitvity for U.S. exporters. The Soviet Union, which had been virtually absent from the market in some weeks, reportedly bought about 600,000 tons of EC feed wheat.

WHEAT and FLOUR IMPORTER BUYING ACTIVITY
REPORTED between April 24, 1986 and May 24, 1986

Date of Purchase	Buyer	Origin	Quantity (tons)	Grade 1/	Price Range 2/ ($US per ton)	Delivery Period 3/
4/25	Mozambique	U.S.	25,253	HRW	$110.44	June 1-30
4/29	Philippines	U.S.	50,000	HRS	$163.45 C&F	July
4/30	Portugal	Canada	30,000	Hard-Winter	$106.00 FOB	June
5/1	Zaire	U.S.	20,000	Hard-Winter 12%	$126.89 FOB	June 1-20
5/5	Taiwan	U.S.	32,400	WW, HRW 12%	Various	June 1-20
5/6	Taiwan	U.S.	135,000	WW, HRW, HRS	Various	July-Dec
5/7	Japan	U.S.	38,094	WW,HRS	?	July
	Japan	Australia	35,547	ASW & PH	?	July
5/8	South Africa	Canada	50,000	CWRS	$103.00 FOB	LH May
5/14	Brazil	U.S.	66,000	HRW 11%	Various	June-July
	Japan	U.S.	79,094	WW,HRW,HRS	?	July
	Japan	Canada	41,094	CWRS	?	July
	Japan	Australia	15,500	ASW	?	July
5/15	Korea	U.S.	45,000	WW,HRW,HRS	Various	July-August
5/19	Philippines	Canada	22,000	Feed Wheat	$95.00 C&F	June-July
5/21	Brazil	U.S.	66,000	HRW 11%	Various	June-July
	Japan	Canada	37,047	CWRS	?	July
	Japan	Australia	15,000	ASW	?	July
	Japan	U.S.	56,094	HRW,HRS,HAD	?	July
	Israel	U.S.	25,000	HRW 12%	$118.55 FOB	July
5/22	Sri Lanka	Australia	15,000	ASW	$112.25	June
5/23	Korea	Canada	23,000	WW,HRW,HRS	Various	June
5/27	Sri Lanka	Australia	15,000	ASW	$112.25 FOB	June/July
	Peru	Canada	25,000	CWRS	$104.00 FOB	October
	Peru	U.S.	2,000	HRW	$106.35 FOB	July
	Portugal	U.S.	33,000	SRW	$107.00	June

1/ HRW=Hard Red Winter, HRS=Hard Red Spring, SRW=Soft Red Winter, HAD=Hard Amber Durum, WW=Western White ASW=Australian Soft White, CWRS=Canadian Western Red Spring, PH=Australian Prime Hard, AH=Australian Hard, GP=Australian General Purpose
2/ FOB unless otherwise noted.
3/ FH denotes first half; LH, last half.

SOURCE: Unofficial market news reports.

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Domestic Use	556	183	215	76	55	1,085
Exports	417	160	145	130	48	900
Total Use	973	343	360	206	103	1,985
Ending Stocks	974	494	72	223	115	1,878

1/ Includes imports.

SOURCE: World Agricultural Supply and Demand Estimates, No. 193 - May 9, 1986.

U.S. MARKET OPPORTUNITIES

**Turkey: Recent approval for an additional $60 million in GSM-102 credit for wheat, together with approval for an additional 500,000 tons of wheat for sale under the EEP for Turkey could increase U.S. wheat exports to that country. Assuming a price of $110 per ton, use of the additional credit could amount to about 550,000 tons in U.S. wheat sales. As of May 15, Turkey had purchased about 510,000 tons of wheat under the EEP, the bulk of which has already been shipped, using all of its original GSM-102 credit for FY 1986. Turkey is expected to import about 1.0 million tons of wheat in both 1985/1986 and 1986/87 (July/June).

Turkey Wheat Supply and Demand
(June/May - 1,000 tons) 1/

Year	Production	Consumption	Exports	Imports	Net	Imports
1981/82	13,200	13,400	340	750	-410	700
1982/83	13,800	13,700	570	50	520	0
1983/84	13,300	13,750	600	350	250	250
1984/85	13,300	13,600	520	1,050	-530	530
1985/86 2/	12,700	13,700	400	1,000	-600	510 4/
1986/87 3/	13,000	13,900	500	1,000	-500	

1/ Trade is on a July/June basis.
2/ Estimate. 3/ Forecast.
4/ Total commitments through May 15.

Source: USDA estimates based on official government statistics.

DEVELOPMENTS AFFECTING U.S. EXPORTS

Other Exporting Countries' Selling Activity and Competitive Pratices

WHEAT SHIPMENTS by MAJOR EXPORTING COUNTRIES
RECENT MONTHS and SEASON TOTALS for 1984/85-1985/86
(JULY/JUNE--MILLION TONS)

For Period Ending 1/	CANADA 84/85	CANADA 85/86	AUSTRALIA 84/85	AUSTRALIA 85/86	ARGENTINA 84/85	ARGENTINA 85/86	FRANCE 2/ 84/85	FRANCE 2/ 85/86	TOTAL 84/85	TOTAL 85/86
Feb. 20	.7	.8	1.0	1.8	1.9	1.0	.7	1.0	4.3	4.6
Mar. 20	.8	.6	1.4	1.7	1.5	.7	1.2	1.0	4.9	4.0
Apr. 17	1.3	.7	1.4	1.4	1.1	.6	1.2	1.0	5.0	3.7
May 22	1.9	1.1	1.2	1.9	0.7	0.5	1.0	1.0	4.8	4.5
Cumulative Since July 1 .	17.4	13.6	13.8	14.7	7.6	5.6	11.2	10.2	50.0	44.1
Total for Season 3/	19.4	17.5	15.3	15.7	8.0	6.1	12.6	11.0	55.3	50.3

1/ Or nearest date.
2/ Excludes intra-EC trade.
3/ Forecast for 1985/86.
* - Less than 0.1, N/A - Data not available.

Competitive Developments in Selected Foreign Markets

**Nigeria: In an effort to save scarce foreign exchange, Nigeria may totally ban wheat import licenses in CY 1987. Since the United States has been a major supplier, and since Nigeria's wheat import demand was estimated at 1.6 million tons for 1986/87 (July/June), a ban on imports could sharply affect U.S. wheat sales to that country. Due to foreign currency constraints brought about by a decline in world oil prices, Nigeria only recently issued wheat import licenses for CY 1986. As a result of the delay, Nigerian wheat imports are expected to decline about 10 percent from last year's level.

Internal Price Policies of Foreign Countries

**Major Exporters: The latest support prices for the principal world wheat exporters, for their respective marketing years, are listed below. Prices are not strictly comparable because U.S., Argentine, and EC prices are on a local delivery point basis, while Australian and Canadian prices represent their respective marketing board's initial payments to producers. Prices also may not be comparable due to quality differences. For example, in terms of quality differentials, the Canadian price is set for No. 1 Canadian Western Red Spring (CWRS), while No. 2 CWRS currently is discounted C$6 per ton and No. 3 CWRS is discounted C$14 per ton. No. 1 CWRS has represented about 40 percent of Canadian wheat exports over the past 10 years. EC prices given below are for medium quality wheat and include a 2.5 ECU increment for each month since August 1985.

Major Grain Exporters': Support Prices for Wheat
(per Metric Ton)

Exporter	1984/85 U.S.$ Eq. 1/	1984/85 Local Currency	1985/86 U.S.$ Eq. 1/	1985/86 Local Currency	1986/87 U.S.$ Eq. 1/	1986/87 Local Currency
U.S. (Loan)	$121	$121 (US$)	$121	$121 (US$)	$88	$88 (US$)
Argentina (Reference) .	$89	4800 2/	$81	65 2/	$90	72 2/
Australia (Min. Paymt.)	$100	146 (A$)	$109	150 (A$)	--	NA
Canada (Initial Paymt.)	$116	160 (C$)	$116	160 (C$)	$94	130 (C$)
EC-12 (Reference) 3/	$170	236 (ECU)	$220	232 (ECU)	NA	NA
(Intervention) 4/	$146	206 (ECU)	$192	203 (ECU)	$171	180 (ECU)

1/ U.S.$ equivalent figured by using the average exchange rate for May during the appropriate year.
2/ Caution should be taken when using the local price and its US$ equivalent because of the frequent changes in the support price and the volatility of the Argentine exchange rate. Exchange rate in australs as of January 1986.
3/ Support price for bread-quality wheat.
4/ Support price paid for other milling wheats; EC prices represent medium-quality wheat.

**Canada: In an effort to help grain farmers, the Canadian Wheat Board (CWB) will raise maximum and minimum domestic wheat prices, which may also give the CWB greater flexibility in marketing the 1986 crop overseas. Effective August 1986, the maximum price will rise to C$11.00 per bushel from C$7.00 and the minimum price to C$6.00 from C$5.00. Any rise in the domestic price of wheat will increase revenue entering the CWB's total wheat pool and thus, possibly give the CWB more latitude in selling wheat in overseas markets. In addition to raising prices, in a further effort to aid its farmers, Canada will also freeze farm freight rates at current levels and effectively remove excise taxes on fuels for farm use.

**European Community: On April 25, after an extended round of negotiations, the European Community (EC) Council of Ministers agreed in principle to a 1986/87 agriculture price package. The quick conclusion was unexpected, particularly in light of last year's unconcluded discussions. In the end, Germany again rejected the entire package but unlike last year decided not to use its veto to further delay the negotiations. The 1986/87 package includes the introduction of a co-responsibility levy, a shorter intervention period with stricter quality standards, an earlier marketing year, frozen support prices for most grains, and a reduction in the support prices for feed grains.

The price package ostensibly signals farmers to reduce production and improve quality because of unchanged or lower support prices and stiffer intervention quality standards. However, some analysts believe that the primary objective of the 1986/87 package will be to lower EC budgetary expenditures which have escalated because of large surplus supplies, lower world grain prices, and recently, the weaker U.S. dollar. For EC farmers, the impact of the package will vary from country to country with the most severe impact on producers of lower quality grains. Help for these distressed farmers will likely include an early retirement program, reduced social security taxes, and direct aid.

PROGRAM HIGHLIGHTS: The agreement results in a three-tier price structure for wheat composed of the common intervention price, a 2 percent premium for superior milling quality wheat, and a 5 percent discount for feed quality wheat. The intervention price for common wheat remains unchanged at last year's level, but stiffer quality standards may mean that less wheat will qualify for this support price. The recent currency realignment should mean a slight increase in prices for most farmers (except German) while the co-responsibility levy will probably lower prices 3 percent for all farmers. Feed grain prices including barley, sorghum, feed rye, and feed wheat have been reduced 5 percent while the corn intervention remains unchanged. The final result of these changes will likely be a slight decline in the support price of grain for human consumption, and a larger, but probably not substantial, reduction in the price for feed grains.

In addition to stiffer intervention quality standards, the previously unlimited interventon period has been restricted to September 1 - April 30. The limiting of the intervention period will likely force more grain into the domestic market, particularly at harvest, depressing internal prices and thereby reducing the export subsidy necessary to move wheat into export channels. Tigher intervention quality standards are also expected to depress domestic prices as grain not accepted for intervention moves into free-market supplies, particularly at harvest. This will also lower export subsidy costs and increased pressure to export.

In conclusion, the program may help the European Community to control budgetary expenditures through lower export subsidy and intervention costs. In the longer term, though, the impact on EC production is uncertain; farmers may increase output in an attempt to maintain income or they may decrease production in response to the lower support prices. For the United States, the 1986/87 agreement will probably mean intensified competition in the world markets, particularly early in the season when the Community may try to maximize exports with the lowest subsidy cost.

MARKET REGULATION PRICES IN THE EUROPEAN COMMUNITY 1986/87

	1985/86	1986/87	% YEAR TO YEAR CHANGE measured in		
	ECU/ton		ECUS	Marks	Francs
SOFT WHEAT					
target price	254.98	256.16	+ .5%	+ .5%	+ 1.9%
intervention price					
feed wheat	179.44	170.47	- 5.0%	- 5.0%	- 3.7%
bread wheat	179.44	179.44	- 0 -	- 0 -	+ 1.4%
quality wheat	179.44	183.03	+ 2.0%	+ 2.0%	+ 3.4%
DURUM WHEAT					
target price	357.70	357.70	- 0 -	- 0 -	+ 1.4%
intervention price	312.08	299.60	- 4.0%	- 4.0%	- 2.6%
production aid/ha	NA	113.79	+12.3%	+12.3%	+13.9%
BARLEY, SORGHUM					
target price	232.61	233.86	+ .5%	+ .05%	+ 2.0%
intervention price	179.44	170.47	- 5.0%	- 5.0%	- 3.7%
CORN					
target price	232.61	233.86	+ .5%	+ .5%	+ 2.0%
intervention price	179.44	179.44	- 0 -	- 0 -	+ 1.4%
RYE					
target price	234.61	233.86	- .3%	- .3%	+ 1.1%
intervention price					
feed rye	181.23	170.47	- 5.9%	- 5.9%	- 4.5%
bread rye	188.67	179.44	- 4.9%	- 4.9%	- 3.4%
RICE					
target price, husked	548.37	548.37	- 0 -	- 0 -	+ 1.4%
intervention, paddy	314.19	314.19	- 0 -	- 0 -	+ 1.4%

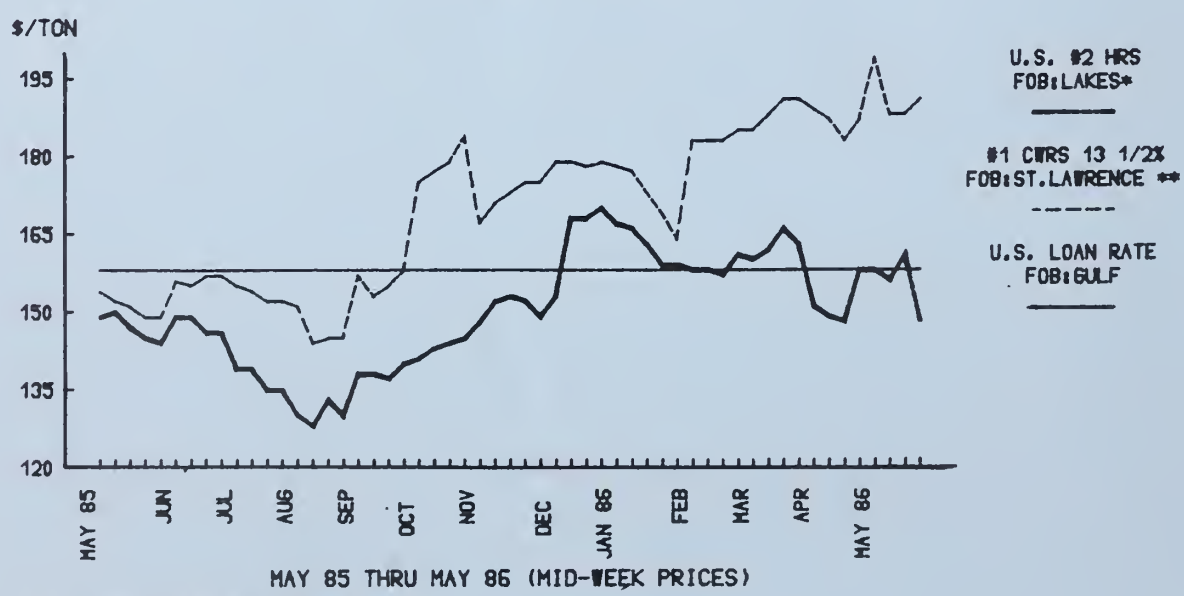
Other Developments Affecting U.S. Exports

**Morocco: Morocco's first official grain forecast for CY 1986 places wheat production at 3.5 million tons which, if it holds, would mean a record crop and could lead to a significant reduction in total wheat imports during 1986/87 (July/June). Morocco has already announced that further wheat imports will be postponed until after July 1, and there are indications that no wheat imports will be required until the end of CY 1986. Morocco, which is currently expected to import 1.6 million tons of wheat during 1986/87, has traditionally imported about 70 percent of its total wheat needs from the United States. However, subsidized EC wheat has recently displaced U.S. exports to this market. In an effort to recoup U.S. market share, Morocco was offered 1.5 million tons of wheat under the EEP, 900,000 of which has been purchased to date.

*Philippines: The Philippine private sector imported 22,000 tons of feed wheat at $95 per ton C&F, reportedly from Canada. This brings total feed wheat imports during 1985/86 (July/June) to about 67,000 tons. Feed wheat was first imported into the Philippines last February in response to a Government ban on corn imports imposed in 1984 to encourage domestic corn production. Prior to 1984, the United States supplied about 70 percent of the Philippines' average annual corn import requirement of about 300,000 tons.

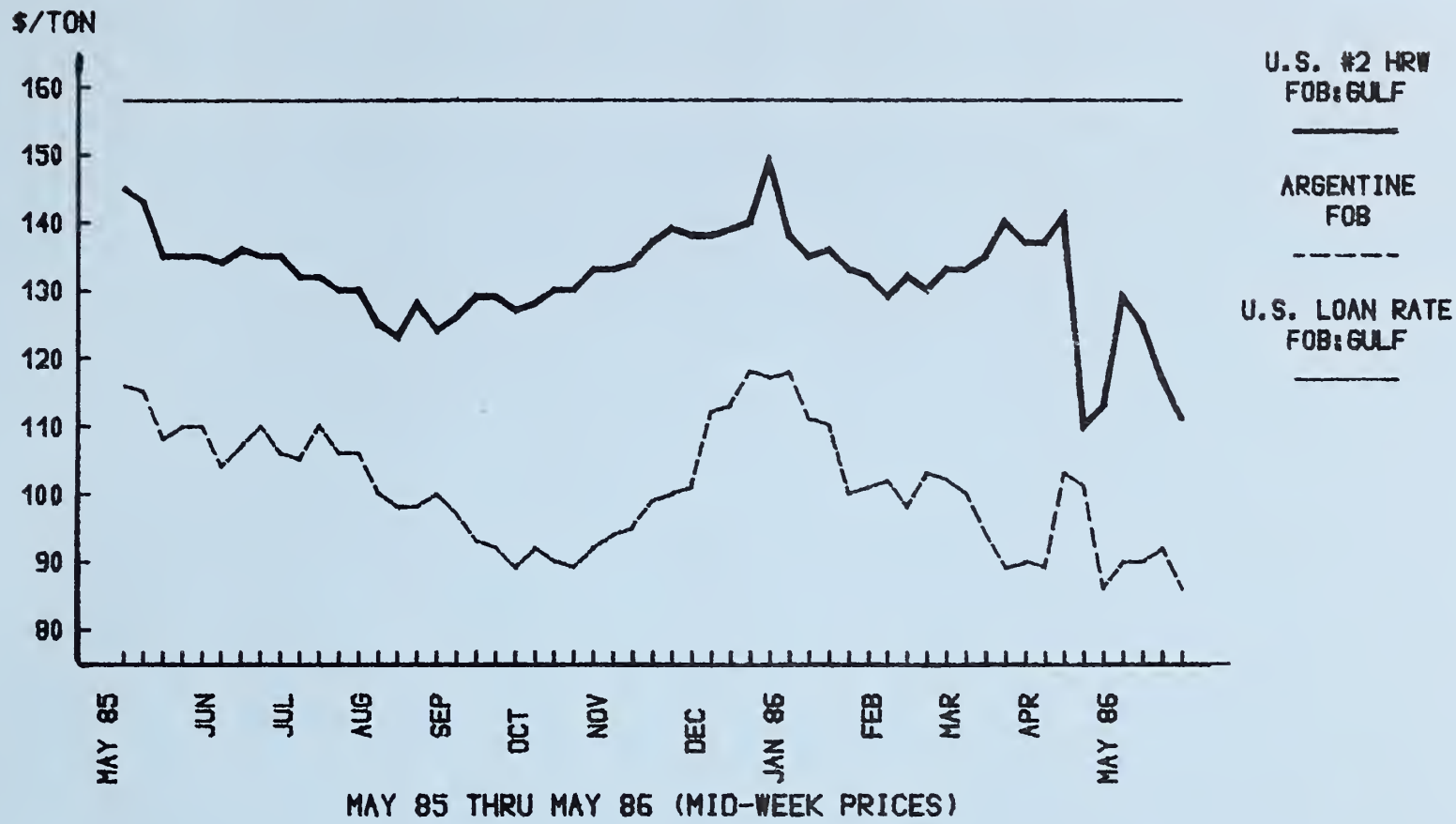
**South Africa: South Africa began its 1985/86 (October/September) wheat import program with a purchase of 50,000 tons of Canadian milling quality wheat. Until now the United States had supplied virtually all of South Africa's import demand for milling wheat. South Africa, often self-sufficient in wheat, imports to meet its own milling requirements during years of poor-quality harvest and to fulfill its traditional market requirements in neighboring countries. South Africa is expected to import about 300,000 tons of wheat in 1985/86, most of it for milling purposes.

HARD RED SPRING WHEAT EXPORT PRICES
U.S. AND CANADIAN

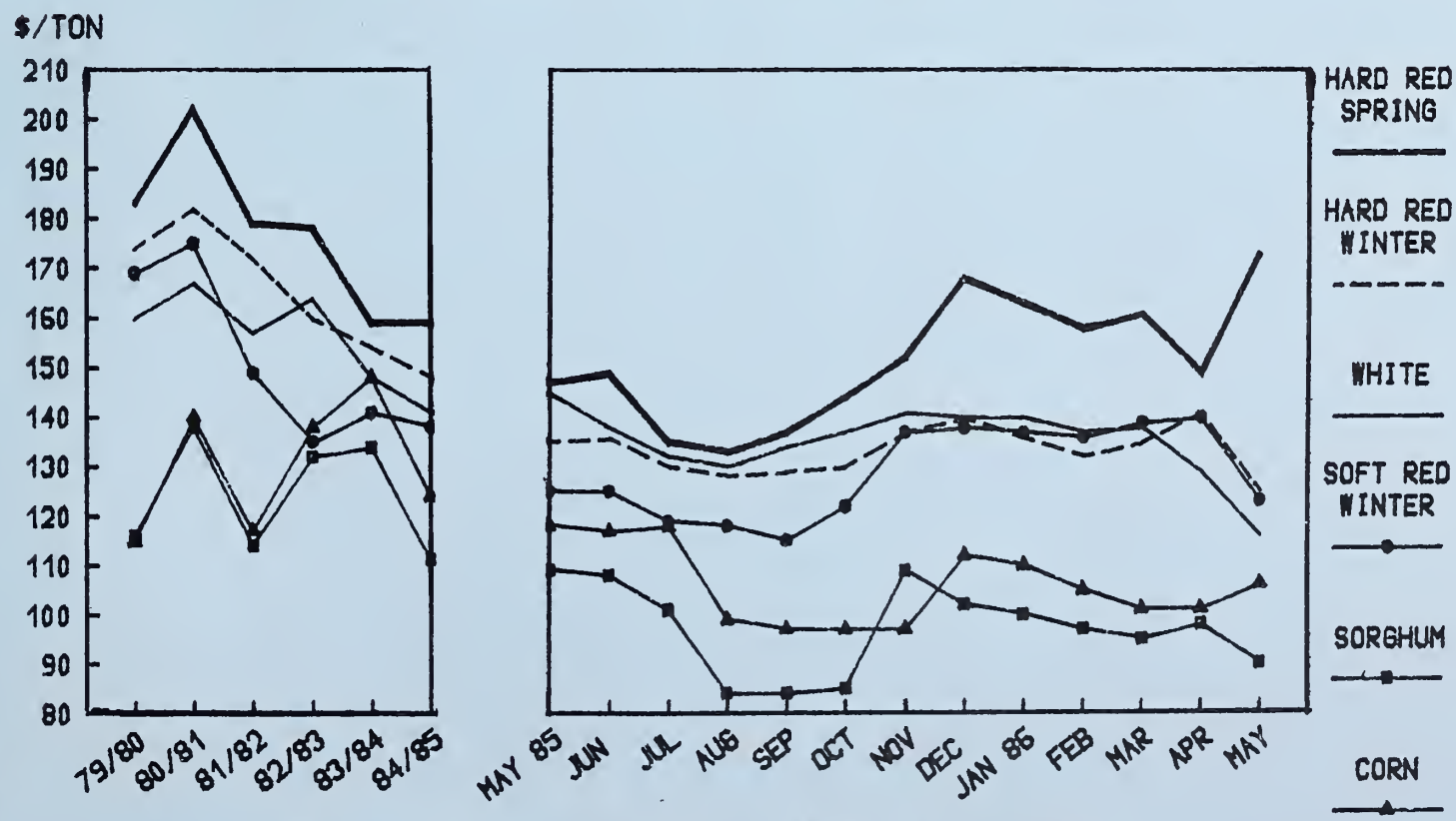


*FOB GULF DURING WINTER MONTHS (DEC THRU MAR)
**FOB ST. LAWRENCE AS OF FEB 1986
FOB THUNDER BAY PRIOR TO FEB 1986

HARD RED WINTER WHEAT EXPORT PRICES
U.S. AND ARGENTINE



US. GRAIN COMMODITY EXPORT PRICES FOB GULF
EXCEPT FOB PNW FOR WHITE WHEAT
AND FOB LAKES FOR HARD RED SPRING*



YEARLY AVERAGE (JUL/JUN) MAY 85-MAY 86 MID-MONTH

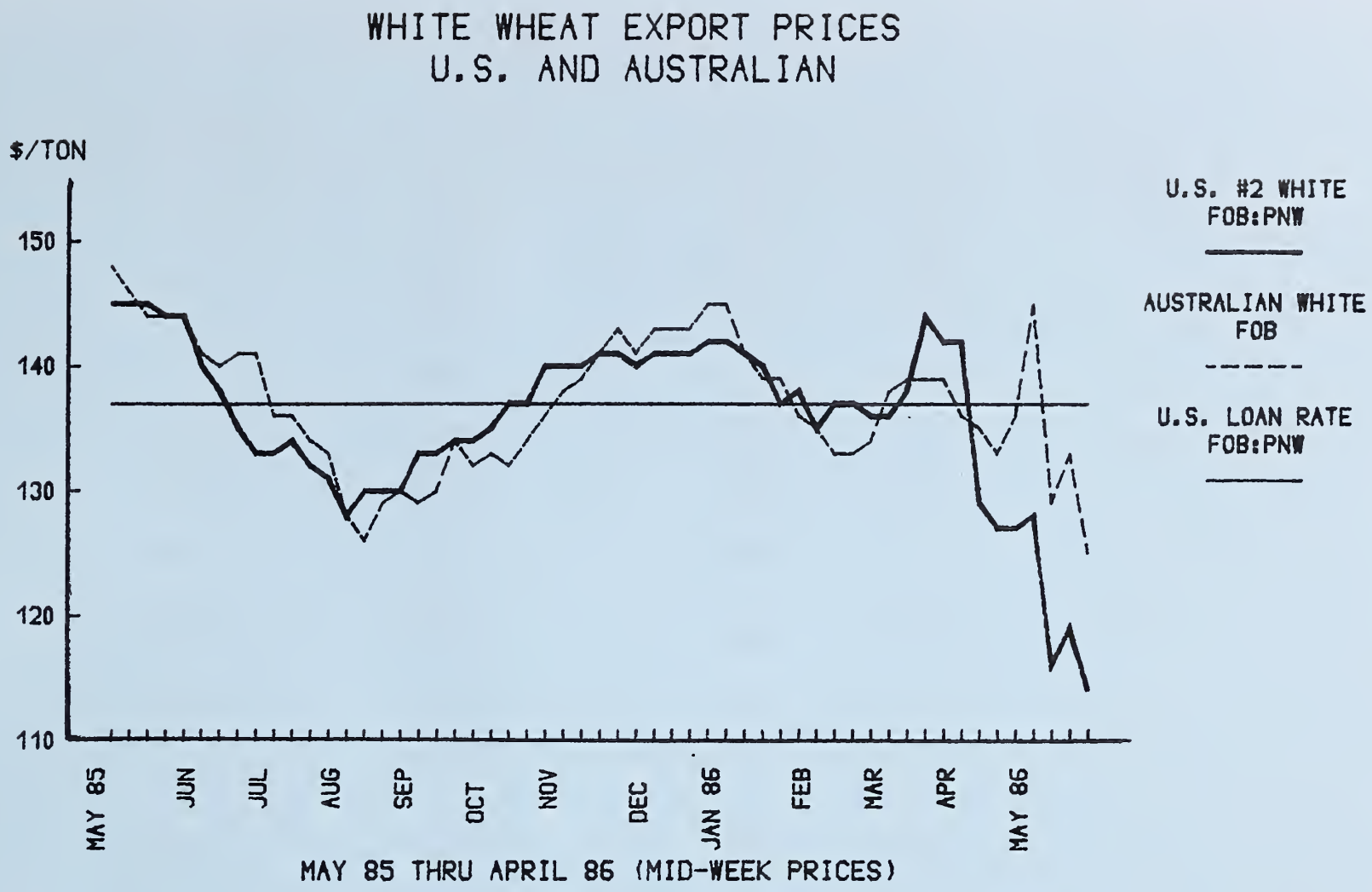
* FOB GULF DURING WINTER MONTHS (DEC THRU MAR)

U.S. WHEAT EXPORT COMMITMENTS by CLASS to MAJOR DESTINATIONS
TOTAL EXPORTS for 1983/84 - 1984/85; COMMITMENTS to DATE for 1985/86 with COMPARISON to 1984/85
(JUNE/MAY--1,000 TONS)

Destination	Marketing Year	Hard Red Winter	Hard Red Spring	Soft Red Winter	All White	Durum	Total
EC-12	1983/84	350	1,218	405	--	298	2,271
	1984/85	340	726	222	--	198	1,486
	1984/85*	374	726	221	--	199	1,520
	1985/86**	337	620	197	--	193	1,347
Other W. Europe	1983/84	448	32	8	16	14	518
	1984/85	206	91	420	--	35	752
	1984/85*	168	91	420	--	36	715
	1985/86**	571	118	--	6	11	707
USSR	1983/84	4,141	--	--	--	--	4,141
	1984/85	6,339	--	--	--	--	6,339
	1984/85*	6,339	--	--	--	--	6,339
	1985/86**	153	--	--	--	--	153
China	1983/84	1,368	--	1,549	--	--	2,917
	1984/85	105	--	2,693	--	--	2,798
	1984/85*	105	--	2,693	--	--	2,798
	1985/86**	--	--	581	--	--	581
Japan	1983/84	1,287	1,010	--	1,126	12	3,435
	1984/85	1,367	1,067	--	1,013	15	3,462
	1984/85*	1,367	1,067	--	1,052	15	3,501
	1985/86**	1,332	1,037	--	996	61	3,426
Taiwan	1983/84	245	185	--	130	--	560
	1984/85	299	211	--	145	--	655
	1984/85*	300	211	--	161	--	671
	1985/86**	328	241	--	167	--	736
Rep. of Korea	1983/84	649	221	2	1,179	--	2,051
	1984/85	674	231	--	1,103	--	2,008
	1984/85*	674	231	--	1,119	--	2,024
	1985/86**	609	251	3	1,139	--	2,002
Other Asia, Middle East, and Oceania	1983/84	2,288	1,232	258	1,222	21	5,021
	1984/85	2,227	1,002	178	1,502	--	4,909
	1984/85*	2,228	1,002	178	1,502	--	4,910
	1985/86**	1,953	775	146	1,312	--	4,186
Egypt	1983/84	--	--	539	807	--	1,346
	1984/85	30	--	429	1,205	--	1,664
	1984/85*	--	--	429	1,205	--	1,634
	1985/86**	--	--	1,488	130	--	1,618
Nigeria	1983/84	1,278	265	88	--	--	1,631
	1984/85	1,324	198	91	--	--	1,613
	1984/85*	1,324	198	101	--	--	1,623
	1985/86**	910	21	83	--	--	1,014
Other Africa	1983/84	471	7	1,876	45	844	3,243
	1984/85	418	39	2,034	35	803	3,329
	1984/85*	448	39	2,034	35	804	3,360
	1985/86**	1,573	78	816	--	721	3,188
Brazil	1983/84	2,181	66	66	--	--	2,313
	1984/85	3,111	67	67	--	--	3,245
	1984/85*	3,113	--	67	--	--	3,180
	1985/86**	722	--	--	--	--	722
Other W. Hemis.	1983/84	2,223	1,477	514	48	296	4,558
	1984/85	2,061	1,290	503	159	293	4,306
	1984/85*	2,060	1,209	436	159	292	4,156
	1985/86**	1,545	1,270	602	2	253	3,672
Total 1/	1983/84	17,128	5,647	5,593	5,541	1,556	35,465
	1984/85	18,460	4,862	6,577	5,234	1,458	36,591
	1984/85*	18,460	4,854	6,577	5,234	1,459	36,584
	1985/86**	10,066	4,422	3,906	3,752	1,384	23,530
MY Projection 2/		11,349	4,355	3,946	3,538	1,306	24,494

1/ Discrepancies due to rounding and sales to unknown destination.
2/ Projections for 1985/86, including flour and products.
* Sales plus accumulated exports as May 22, 1985, excluding sales for next marketing year.
** Sales plus accumulated exports as May 22, 1985, excluding sales for next marketing year.

SOURCE: U.S. Export Sales.



U.S. EXPORT PROMOTION ACTIVITIES

**Southeast Asia: Key Government personnel responsible for food imports and distribution from Sri Lanka, Pakistan, Indonesia and Bangladesh, attended a grain marketing and grading course in the United States last month. The course was designed to expose participants to the U.S. marketplace and the more technical aspects of grain quality standards. It was targeted at mid-level officials who are likely to remain closely associated with their respective country's grain procurement for many years. These four countries import about 4-5 million tons of wheat annually, approximately 40-50 percent of which comes from the United States.

**Latin America: Officials from Peru, Columbia, Ecuador, and Bolivia recently attended a grain marketing course in the United States. The 2-week course introduced several of the officials to the U.S. wheat market for the first time. These countries are expected to import about 2.2 million tons of wheat in 1985/86 (July/June) more than half of which is expected to be of U.S. origin.

Status of the Export Enhancement Program
as of May 22, 1986

Country	Date	Commodity	Amount Offered (MT)	Amount Purchased (MT)
Algeria	June 4	Wheat	1,000,000	1,000,000
	Apr. 10	Wheat	1,000,000	-----
	Feb. 11	Semolina	250,000	-----
	Feb. 25	Wheat Flour	100,000	-----
	Apr. 17	Barley	500,000	-----
Benin	Apr. 7	Wheat	45,000	-----
Egypt	July 2	Wheat Flour	600,000	175,000
	July 26	Wheat	500,000	500,000
	Oct. 30	Wheat	500,000	167,500
Iraq	Dec. 9	Wheat Flour	150,000	75,000
Jordan	Nov. 8	Rice	40,000	22,700
	Mar. 19	Wheat	75,000	75,000
Morocco	Sep. 30	Wheat	1,500,000	890,000
Nigeria	Dec. 10	Barley Malt	100,000	-----
Philippines	Nov. 15	Wheat Flour	100,000	50,000
	Jan. 6	Wheat	150,000	152,400
Saudi Arabia	May 7	Barley	500,000	-----
Sri Lanka	May 16	Wheat	125,000	-----
Syria	Apr. 8	Wheat	700,000	-----
Tunisia	Mar. 18	Wheat	300,000	50,000
Turkey	Oct. 16	Wheat	500,000	506,600
	May 8	Wheat	500,000	
Yemen	Aug. 20	Wheat Flour	50,000	31,500
	Apr. 14	Wheat Flour	100,000	-----
	Sep. 6	Wheat	100,000	50,000
	Apr. 14	Poultry Feed	150,000	-----
Yugoslavia	Apr. 10	Wheat	200,000	20,000
Zaire	Nov. 18	Wheat Flour	64,000	45,000
	Dec. 27	Wheat	40,000	20,000
	May 15	Wheat	40,000	-----
	May 15	Wheat Flour	30,000	-----

Commodity Totals	Amount Offered (MT)	Amount Purchased (MT)
Wheat	6,610,000	3,256,500
Flour	1,164,000	339,000
Semolina	250,000	-----
Rice	40,000	-----
Barley Malt	100,000	-----
Poultry Feed	150,000	-----
Barley	500,000	-----

1/ Flour not in grain equivalent.

PL-480

FY 1986 PUBLIC LAW TITLE I/III
COUNTRY AND COMMODITY ALLOCATIONS
March 31, 1986

Countries with $790 or Less Per Capita GNP	TOTAL ($Millions)	----- (1,000 Tons Grain Equivalent) ---- WHEAT/FLOUR	RICE	FEEDGRAINS
Bangladesh ..	$70.0	308.0	35.0	--
Bolivia	$20.0	140.0	--	--
Egypt	$213.0	1,557.0 1/	--	--
El Salvador .	$46.0	148.0	--	--
Ghana	$8.0	--	7.0	--
Guinea	$6.0	--	20.0	--
Haiti	$18.0	66.0	--	--
Honduras	$15.0	86.0	--	--
Indonesia ...	$30.0	220.0	--	--
Kenya	$10.0	55.0	11.0	--
Liberia	$11.0	--	34.0	--
Madagascar ..	$8.0	--	14.0	--
Morocco	$40.0	292.0	--	--
Mozambique ..	$7.9	20.0	10.0	20.0
Pakistan	$50.0	--	--	--
Philippines .	$35.0	66.0	38.0	56.0
Senegal	$5.5	--	18.0	--
Sierra Leone	$4.0	13.0	7.0	--
Somalia	$16.5 2/	27.0	17.0	--
Sri Lanka ...	$26.0	193.0	--	--
Sudan	$45.0	314.0	--	--
Yemen	$5.0	--	13.0	--
Zaire	$20.0	100.0	--	--
Zambia	$10.0	37.0	--	--
SUBTOTAL ..	$719.9	3,642.0	224.0	76.0
Countries over $790 Per Capita GNP				
Costa Rica ..	$23.0	120.0	--	10.0
Dominican Rep	$30.0	72.0	32.0	--
Ecuador	$5.0	35.0	--	--
Guatemala ...	$14.0	92.0	--	--
Jamaica	$30.0	83.0	22.0	73.0
Peru	$20.0	100.0	--	--
Tunisia	$2.5	--	--	22.0
SUBTOTAL ..	$124.5	502.0	54.0	105.0
Total Allocated ...	$844.4	4,144.0	278.0	181.0
Unallocated Reserve	$43.9	--	--	--
Total Program	$888.3	--	--	--

1/ All or some portion in wheat equivalent of flour.
2/ $3.3 million has been designated for ocean freight financing.

CCC Credit

U.S. WHEAT/FLOUR TRADE WITH SELECTED COUNTRIES
UNDER CCC GUARANTEE PROGRAMS 1/

	FY 1985		FY 1986		
	Guarantees Approved -$ Millions-	Est. Quantity Shipped --1,000 Tons--	Programs Announced -----$ Millions-----	Programs Approved	Estimated Quantity Purchased 2/ ----1,000 Tons----
Algeria	--	--	$70.1	--	--
Bangladesh ..	$42.1	280.7	--	--	--
Brazil	$272.5	1,816.7	$150.0	$4.1	29.3
Chile	$59.5	396.7	$42.0	--	--
Colombia	$79.0	526.7	$100.0	$6.7	47.9
Ecuador	$32.6	217.3	$55.0	$39.3	280.7
Egypt	$77.6	464.0	$120.0 4/	$16.6	118.6
Guatemala ...	$16.1	107.3	$3.5	$3.5	25.0
Haiti	$7.5	50.0	$7.5	$5.0	35.7
Iraq	$88.5	590.0	$130.0 4/	$106.5	738.7
Jamaica	$4.2	28.0	$7.5 4/	$1.1	7.9
Jordan	$19.9	132.7	$54.0	$4.3	30.7
Korea	$108.9	726.0	$155.0	$87.3	623.6
Morocco	--	--	$150.0	$101.2	722.9
Pakistan	$40.1	267.3	$45.0	--	--
Philippines .	$43.2	288.0	--	--	--
Portugal	$97.0	646.7 3/	$73.0	$15.6	111.4
Tunisia	--	--	$7.0	--	--
Turkey	$10.1	67.3	$120.0	$59.2	422.9
Yemen	-- 5/	--	$40.0 4/	$9.6	68.6
TOTAL.....	$998.8	6,605.4	$1,259.5	$460.0	3,263.7

1/ Includes GSM-102 as of May 16, 1986.
2/ Estimated quantity purchased with Approved Funds based on $140 per ton for wheat and $190 per ton for wheat flour.

LATEST U.S EXPORT FORECAST, SHIPMENTS, AND SALES

Export Forecast: The initial 1986/87 (October/September) coarse grain export estimate projects U.S exports at 49.0 million tons, up about 16 percent from 1985/86. Most of the growth is expected in corn, up 5.2 million tons from 1985/86, but lower U.S. sorghum prices and smaller competitors' export availabilities could also lead to expanded U.S. sorghum exports.

The 1985/86 U.S. coarse grain export forecast was lowered to 42.2 million tons from last month's figure of 44.0 million tons. Expected U.S. corn and sorghum exports fell 700,000 and 600,000 tons, respectively. As of May 22, U.S. coarse grain exports totaled 28.3 million tons, about 33 percent below 1984/85 exports from the same period. Sluggish import demand as importers wait for an expected decline in grain prices is behind the lower forecast.

Shipments and Sales: Corn shipments during the 5-week period ending May 22 totaled 1.3 million tons, down 35 percent from the previous 5-week period. Primary destinations were Japan, Taiwan and Portugal. Corn sales for the period totaled 2.1 million tons, more than double sales for the previous 5-week period. The principal buyers were Japan and Taiwan. Sorghum shipments for the period totaled 300,000 tons, an increase of 50 percent over the previous 5-week period. Mexico and Venezuela were the major destinations. Sorghum sales during the period ending May 22 amounted to 400,000 tons or about the same as the previous 5-week period. Japan and Venezuela were the major buyers.

U.S. CORN and SORGHUM SHIPMENTS, SALES, and INSPECTIONS
(OCTOBER/SEPTEMBER--MILLION TONS)

------ Monthly SHIPMENTS ------

For Period Ending	CORN 84/85	CORN 85/86	SORGHUM 84/85	SORGHUM 85/86
Feb. 20	3.7	3.5	.6	.3
Mar. 20	4.2	2.7	.7	.2
Apr. 17	4.1	1.8	.4	.2
May 22	4.2	1.3	0.4	0.3
Cumulative for MY.	36.2	25.1	5.0	2.8

------ Monthly SALES 1/ ------

For Period Ending	CORN 84/85	CORN 85/86	SORGHUM 84/85	SORGHUM 85/86
Feb. 20	2.9	1.6	.3	.4
Mar. 20	4.6	.8	.5	.4
Apr. 17	2.6	1.1	.4	.4
MAY 22	2.5	2.1	0.2	0.4
Cumulative for MY.	41.3	28.4	5.8	3.7

Weekly and Annual INSPECTION Rates

	CORN MT	CORN BU	SORGHUM MT	SORGHUM BU
Week Ending May 15	0.3	12.0	0.1	3.4
Week Ending May 22	0.4	14.8	0.1	2.8
Official Estimate for 1985/86 (Grain only)	35.8	1408	5.7	225
Implied Weekly Average	0.7	27.1	0.1	4.3
Weekly Average for Latest Six Weeks	0.3	10.4	0.1	2.3
Marketing Year-to-Date Weekly Average	0.7	29.4	0.1	3.1
MY Year-to-Date Average Extrapolated Annually	38.9	1531	4.1	163
Weekly Average Required during Remainder of MY to Achieve Official Estimate ...	0.6	22.9	0.2	6.6

1/ Sales made since the beginning of the applicable marketing year, including sales for shipment in the next marketing year.

SOURCE: Shipments and sales data from U.S. Export Sales. Inspections data from the Federal Grain Inspection Service.

IMPORTER BUYING ACTIVITY

Buying activity remained relatively slow worldwide with the exception of a sizable purchase of U.S. corn by Taiwan and a reported 500,000-ton purchase of Argentine corn by the Soviet Union. The Soviet Union, virtually absent from world markets the last several weeks, also purchased 200,000 tons of U.S. corn, but later cancelled 100,000 tons of it. Total Soviet purchases of U.S. corn for 1985/86 (October/September) now stand at about 6.5 million tons.

RECENT CORN and SORGHUM IMPORTER BUYING ACTIVITY
REPORTED between APRIL 24, 1986 and MAY 28, 1986

Date of Purchase	Buyer	Origin	Quantity (tons)	Grade 1/	Price Range 2/ ($US per ton)	Delivery Period 3/
4/24	Taiwan	Australia	30,500	Sorghum	$99.28 C&F	June 1-15
4/25	Mozambique	U.S.	20,848	#2 YC	Various	June 1-30
	Korea	Argentina	30,000	Corn	$101.60 C&F	5/16-6/4
5/2	Peru	Argentina	25,000	Corn	$88.69	July
5/6	Israel	U.S.	25,000	YC	$103.60 FOB	June
5/7	Taiwan	U.S.	431,000	YC	Various	July-Oct
5/20	Japan	U.S.	100,000	YC	$105.70	August
5/21	Israel	U.S.	40,000	YS	$90.55	July
5/23	Greece	France	15,000	Corn	?	5/29-6/6
5/27	Taiwan	S. Africa	132,000	Corn	?	July-Aug
	Brazil	Argentina	260,000	Corn	?	June-Oct
	Taiwan	U.S.	27,000	#2 YC	$108.79 FOB	July

1/ YC=#3 Yellow Corn unless otherwise stated, and YS=Yellow Sorghum
2/ FOB unless otherwise noted.
3/ FH denotes first half; LH, last half.

SOURCE: Unofficial market news reports.

DEVELOPMENTS AFFECTING U.S. EXPORTS

Other Exporting Countries' Selling Activities and Competitive Practices

**European Community: The EC renewed its manioc agreement with Thailand which could lend further evidence to the expected erosion of U.S. corn exports to Spain and lead to increased competition in feed grain markets worldwide. The new agreement raises the amount of Thai manioc the EC-12 can import over a 4-year period to 21 million tons, an increase of 2.0 million tons over the previous agreement. As a result, manioc could displace EC barley in northern EC feed rations or corn in Spainish feed markets. In the former case that could mean more EC barley would be available for export, thus increasing competition in world feed grain markets. In the latter case, manioc would help displace U.S. corn exports to Spain, which 5 years ago reached almost 5.6 million tons, but are now expected to be virtually eliminated due to Spain's accession to the EC.

**South Africa: South Africa recently sold Taiwan about 130,000 tons of corn, another indication that U.S. corn sales could face greater competition in the Far East. Last month South Africa sold 200,000 tons to Taiwan, the first large sale of South African grain to Taiwan since consecutive crop failures in 1983 and 1984 forced South Africa from the export market. However in 1985/86 (October/September) South Africa is expected to have 1.4 million tons in exportable corn supplies which would allow it to recapture a major portion of its traditional Far Eastern markets.

CORN and SORGHUM SHIPMENTS by MAJOR EXPORTING COUNTRIES
RECENT MONTHS and SEASON TOTALS for 1984/85-1985/86
(OCTOBER/SEPTEMBER--MILLION TONS)

For Period Ending 1/	- SORGHUM - ARGENTINA 84/85	85/86	CORN ARGENTINA 84/85	85/86	CORN THAILAND 84/85	85/86	--- TOTAL --- 84/85	85/86
Feb. 20	‡	‡	‡	‡	.2	.3	.2	.3
Mar. 20	.1	.1	.6	.4	.2	.4	.9	.9
Apr. 20	.5	.3	1.5	1.1	.2	.4	2.2	1.8
May 22	0.7	0.2	1.7	1.2	0.1	0.2	2.5	1.6
Cumulative Since October 1	1.8	0.8	4.3	3.2	2.3	2.4	8.4	6.4
Total for Season 2/	3.4	2.2	7.1	9.5	3.0	3.5	13.4	15.2

1/ Or nearest date.
2/ Forecast for 1985/86.
‡ - Less than 0.1, N/A - Data not available.

Competitive Developments in Selected Foreign Markets

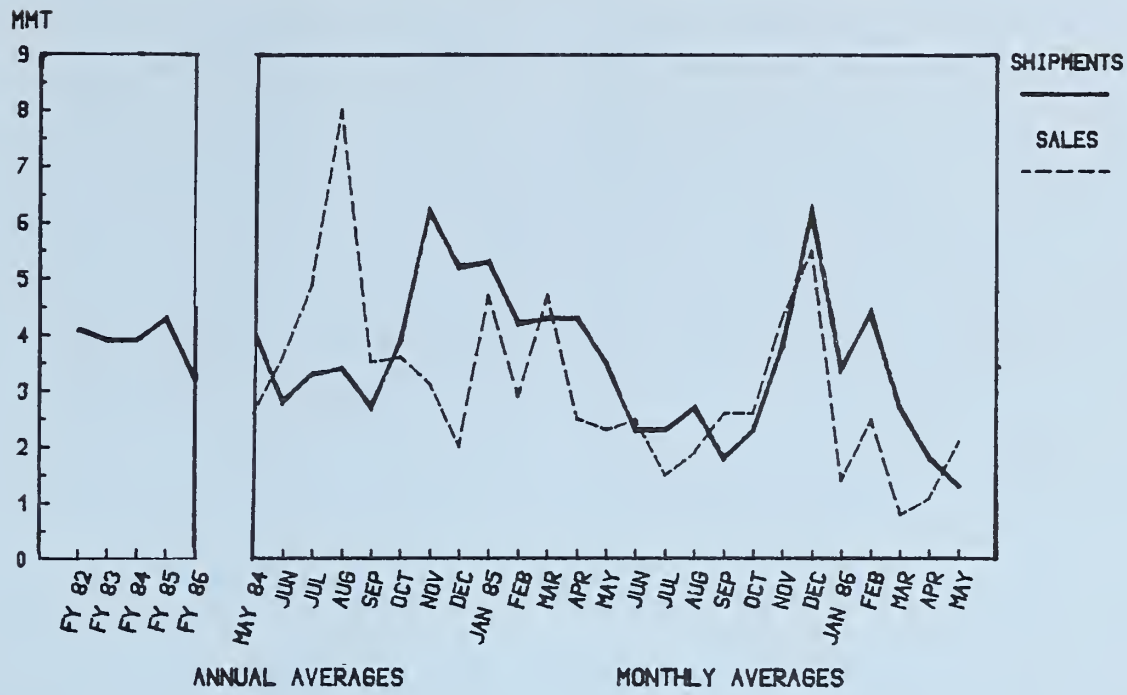
**Portugal: EPAC, Portugal's grain purchasing agency, bought 130,000 tons of Argentine corn at $99.50-102 per ton C&F. This may have been at the expense of U.S. corn due to price, quality, and the refusal by U.S. exporters to accept EPAC's demand that a binding inspection certificate from a private grain inspection firm be obtained at the point of shipment. Portugal has since purchased U.S. corn due to a decrease in the price spread between U.S. and Argentine corn and the conditioned acceptance by U.S. exporters of EPAC's demand for private inspection.

The U.S. should remain Portugal's main corn supplier but, according to EPAC, could lose sales if the price spread between the United States and other exporter countries becomes more than $22.00 per ton. Portugal is expected to purchase almost 1.5 million tons of corn during 1986/87 (October/September), most of which is expected to come from the United States.

**Korea: The level of U.S. coarse grain exports to Korea during 1986/87 (October/September) could partially depend upon the ongoing struggle between feed grain millers and the Korean Government. In an effort to expand local production and maximize utilization of domestic feed grains, the Korean government has lowered CY 1986 feed grain quotas from initial levels to CY 1985 levels. While the Government's import plan is based on total feed use of 6.2 million tons, current feed grain utilization during 1986 has been running at 7.0 million tons and is not expected to diminish. As a result, even if millers increased their use of domestic feed grains under the new quotas, grain import allocations could be exhausted by late summer, precipitating a severe shortage of feed grain in the Korean livestock sector.

Past efforts by the Government to increase local production and use of domestic feed grains have met with only limited success, despite a large increase in demand. As a result, Korean coarse grain imports have grown more than 65 percent over the past 10 years to 4.4-million-ton forecast for 1986/87 (October/September), with the United States supplying the bulk of these imports.

U.S. CORN SHIPMENTS AND SALES
ANNUAL MONTHLY AVERAGES FOR FY 1982 - 1986(PROJ)
AND MONTHLY FROM MAY 1984 - MAY 1986



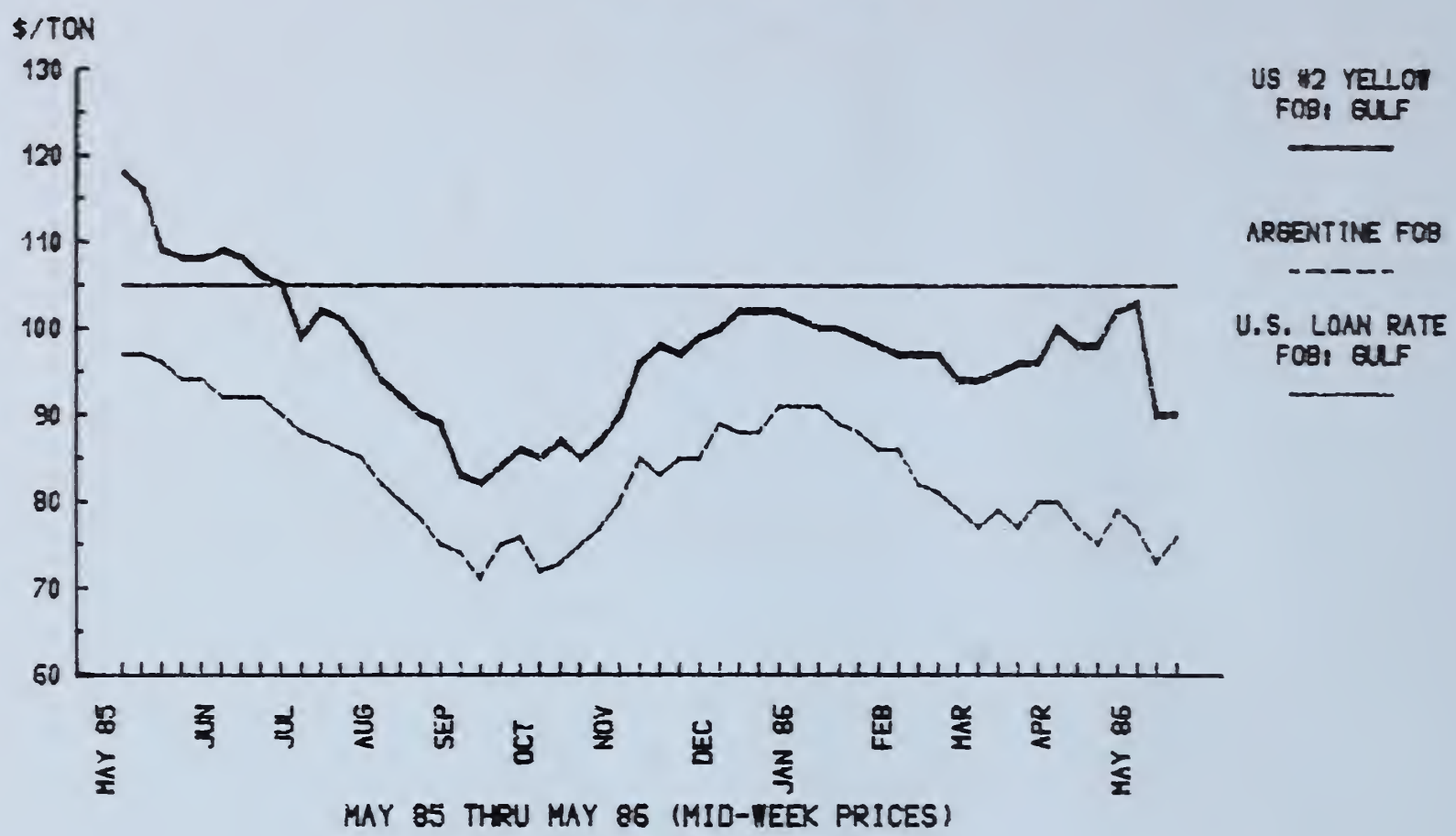
U.S. CORN and SORGHUM EXPORT COMMITMENTS to MAJOR DESTINATIONS
(OCTOBER/SEPTEMBER -- 1,000 TONS) 1/

Destination:	1982/83 Total Exports	1983/84 Total Exports	1984/85 Total Exports	1984/85 Committed as of 5/22/85	1985/86 Committed as of 5/22/86
-- CORN --					
EC-12	9,019	7,952	6,061	3,825	2,914
Other W. Europe	169	245	176	156	23
Eastern Europe	1,470	727	693	521	877
USSR	3,200	6,500	15,750	15,757	6,339
China	2,161	18	0	0	0
Japan	13,180	13,781	11,095	10,031	7,962
Taiwan	3,000	2,676	3,134	2,986	2,442
Rep. of Korea .	3,908	2,972	1,602	887	1,008
Egypt	1,516	1,303	1,352	947	1,354
Canada	750	283	315	185	24
Mexico	4,091	2,808	1,267	1,139	1,394
Venezuela	892	1,140	638	567	0
Others	3,938	6,992	3,877	4,216	2,971
TOTAL	47,294	47,397	45,960	41,082	27,929
-- SORGHUM --					
Spain	105	465	45	45	0
Other W. Europe (excl. Spain)	251	136	79	57	38
Japan	741	1,505	2,726	2,348	2,283
Israel	341	574	587	487	347
Mexico	3,260	2,758	1,958	1,855	245
Venezuela	243	206	1,093	452	525
Others	462	582	508	507	187
TOTAL	5,403	6,226	6,996	5,821	3,655

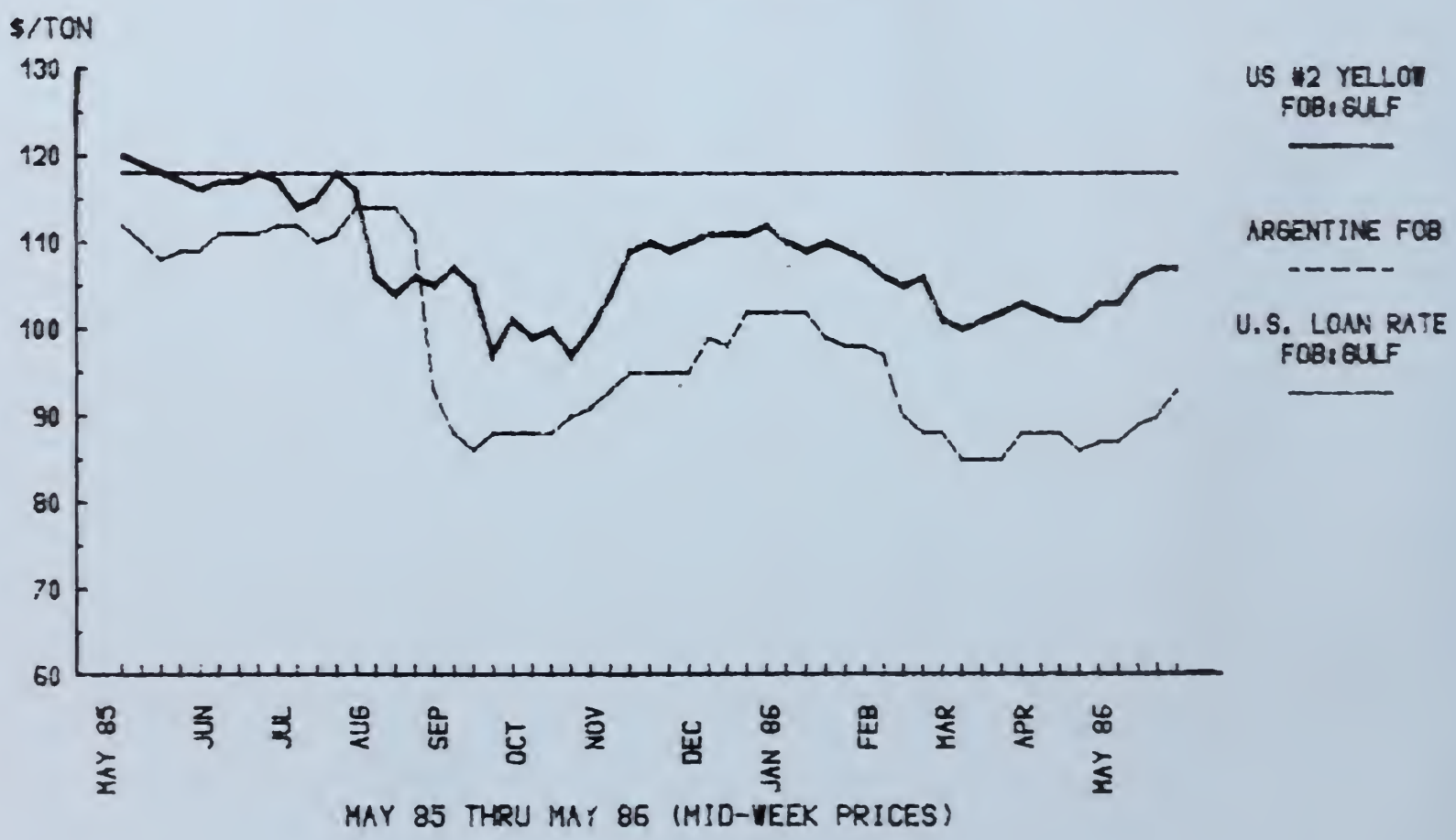
1/ Accumulated shipments and sales, excluding sales for next marketing year.

SOURCE: U.S. Bureau of Census and U.S. Export Sales.

SORGHUM EXPORT PRICES
U.S. AND ARGENTINE



CORN EXPORT PRICES
U.S. AND ARGENTINE



U.S. MARKET OPPORTUNITIES

**Mexico: Mexico could purchase additional U.S. grain in place of Argentine grain if CONASUPO, Mexico's grain purchasing agency, fails to obtain financing for grain it purchased last February from Argentina. CONASUPO agreed to a cash purchase of about 0.75 million tons of Argentine grain (500,000 tons of corn and 250,000 tons of sorghum) valued at $150 million for shipment in CY 1986. To date, virtually none of this has been shipped, due to a lack of foreign currency. In recent weeks, CONASUPO has reportedly been able to obtain $40 million in credit from a Latin American bank created to promote exports from Latin American countries. Without additional financing, Mexico would likely turn to the United States to fulfill its import requirements using GSM-102 and, if approved, GSM-103 credit. The actual amount of U.S. grain that might be purchased depends on CONASUPO's ability to obtain credit and whether CONASUPO will be allowed to buy some grain with cash, as originally planned.

The $40 million in non-U.S. credit, plus financing for 100,000 tons of Canadian feed wheat, reflects foreign exporters' attempts to compete with U.S. credit programs, and underscores Mexico's reliance on credit purchases in light of falling oil revenues. Mexico has historically been a large U.S. grain market, annually purchasing about 5-6 million tons of corn and sorghum, but in recent years, Argentine sales have displaced about 500,000 tons of U.S. grain.

EXPORT PROMOTION ACTIVITIES

**Turkey and Egypt: The USFGC sponsered grain marketing seminars in Egypt and Turkey to familiarize private sector representatives and Government officials with trading techniques and the U.S. market system. Government policy in these countries is changing to allow the private sector to import grains directly and it is hoped that these seminars will lead to increased U.S. grain sales. Egypt and Turkey together are expected to import about 2.3 million tons of coarse grain during 1986/87 (October/September).

**Portugal: A Portuguese team of four major feed compounders visited the United States, in a trip sponsored by the USFGC, to observe feed grain manufacturing methods and to study the use of high-quality U.S. sorghum in animal rations. The visit came at an opportune time since Portuguese compounders are interested in diversifying their feed components and EPAC, Portugal's grain import bureau, is liberalizing its import policies. As of March 1, 1986, 20 percent of Portugal's total grain imports were opened to private importers and this amount will increase by 20 percent annually. It is hoped the visit will allow the United States to maintain its dominance of Portugal's sorghum imports which are expected to reach about 50,000 tons in 1985/86 (October/September).

BARLEY, OATS, AND RYE

Export Forecast: The initial 1986/87 (June/May) export forecast shows U.S. barley exports up 80 percent from 1985/86 to 980,000 tons, while oats and rye remain at current levels. Expected lower U.S. barley prices and reduced comepetitors' export availabilities are behind the higher barley forecast.

U.S. Exports
(June/May - 1,000 tons)

Grain	1984/85	1985/86 1/	1986/87 2/
Barley	1,676	544	980
Oats	15	30	30
Rye	25	25	25

1/ Estimated 2/Projected

DEVELOPMENTS AFFECTING U.S. EXPORTS

Other Countries' Selling Activity and Competitive Practices

**European Community: The EC Commission has authorized the sale of nearly 400,000 tons of barley from Government intervention stocks to Saudi Arabia at about $66.00 per ton. This action is seen as a direct response to the U.S. EEP which recently targeted 500,000 tons of barley for Saudi Arabia, and could set a ceiling price for barley sold under the program. Saudia Arabian barley imports have grown from about 1.2 million tons in 1979/80 (October/September) to an estimated 5.5 million tons in 1985/86 with the EC supplying about 40 percent, and Australia supplying the bulk of the remainder of these imports in recent years.

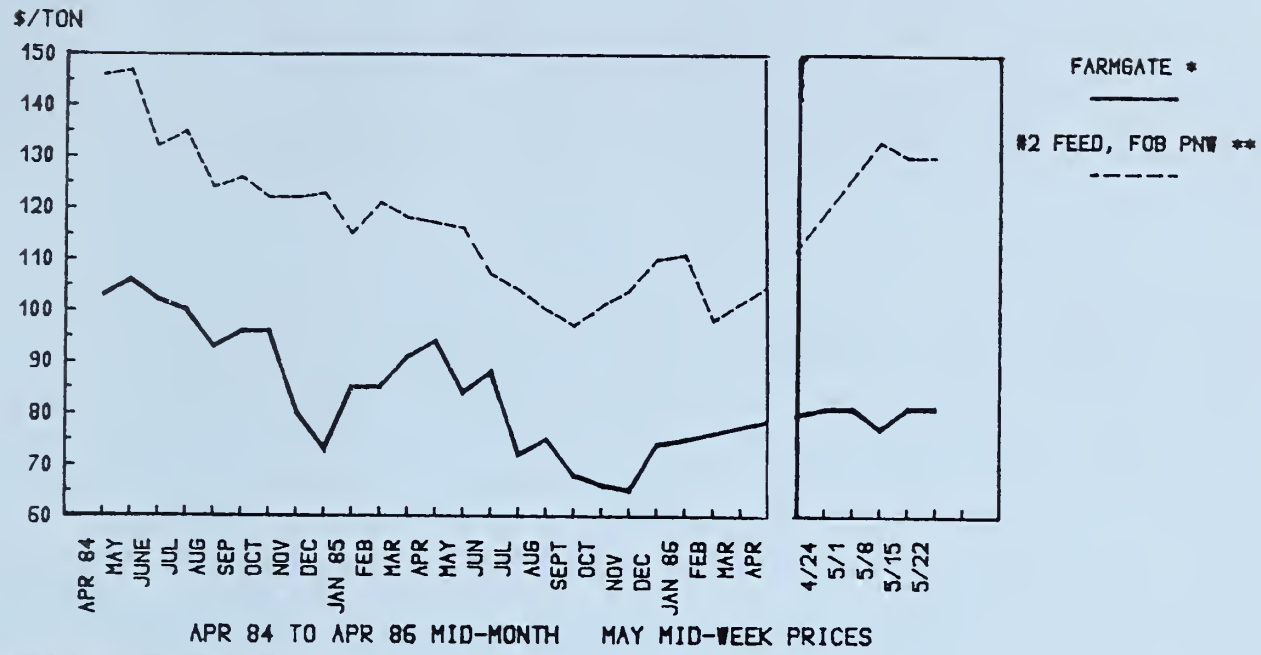
Saudi Arabian Barley Imports
(October/September - 1,000 tons)

Origin	1982/83		1983/84		1984/85		1985/86 1/	
	TMT	%	TMT	%	TMT	%	TMT	%
EC-10	1,000	(40)	2,220	(42)	2,000	(37)	750	(16)
U.S.	0	(0)	30	(1)	40	(1)	40	(1)
Australia	100	(4)	970	(20)	2,300	(43)	2,530	(54)
Other	1,400	(56)	1,880	(37)	1,060	(19)	1,400	(30)
Total	2,500		5,100		5,400		4,720	

1/ Export through March 1986

Source: Exporter Data.

U.S. FEED BARLEY PRICES
INTERIOR AND EXPORT POSITIONS



* NO QUOTE FOR FEBRUARY THRU APRIL
** NO QUOTE FOR MARCH

U.S. BARLEY EXPORT COMMITMENTS to MAJOR DESTINATIONS
(OCTOBER/SEPTEMBER -- 1,000 TONS) 1/

Destination	1982/83 Total Exports	1983/84 Total Exports	1984/85 Total Exports	1984/85 Committed as of 5/22/85	1985/86 Committed as of 5/22/86
EC-12	246	360	105	105	--
Other W. Europe	92	441	353	354	--
Eastern Europe	--	126	--	--	60
Taiwan	146	223	259	259	74
Japan	119	372	314	314	141
Others	317	509	514	514	85
TOTAL.....	920	2,031	1,545	1,545	360

1/ Accumulated shipments and sales, excluding sales for next marketing year.

SOURCE: U.S. Bureau of Census and U.S. Export Sales.

BARLEY SHIPMENTS by MAJOR EXPORTING COUNTRIES
RECENT MONTHS and SEASON TOTALS for 1984/85-1985/86
(OCTOBER/SEPTEMBER--MILLION TONS)

For Period Ending 1/	AUSTRALIA 84/85	AUSTRALIA 85/86	CANADA 84/85	CANADA 85/86	FRANCE 2/ 84/85	FRANCE 2/ 85/86	U.K. 2/ 84/85	U.K. 2/ 85/86	TOTAL 84/85	TOTAL 85/86
Feb. 20	.7	1.0	0.1	0.3	0.2	0.1	0.2	0.2	1.2	1.6
Mar. 20	1.0	0.7	0.2	0.4	0.2	0.1	0.2	0.2	1.6	1.4
Apr. 20	.7	NA	0.2	0.4	0.2	0.1	0.2	0.1	1.3	NA
May 22	0.4	NA	0.1	0.4	0.3	0.1	0.3	0.1	1.1	NA
Cumulative Since October 1	4.0	4.1	1.8	2.1	1.6	1.2	1.8	1.3	9.2	NA
Total for Season 3/	5.6	4.5	2.5	3.5	2.1	2.0	2.3	1.5	12.5	11.5

1/ Or nearest date.
2/ Excludes intra-EC trade.
3/ Forecast for 1985/86.
- Less than 0.1, N/A - Data not available.

RICE

LATEST U.S. EXPORT FORECAST, SHIPMENT, AND SALES 1/

Export Forecast: The estimate for the 1985/86 marketing year now stands at 1.775 million tons. The forecast for the 1986/87 market year is 2.4 million tons.

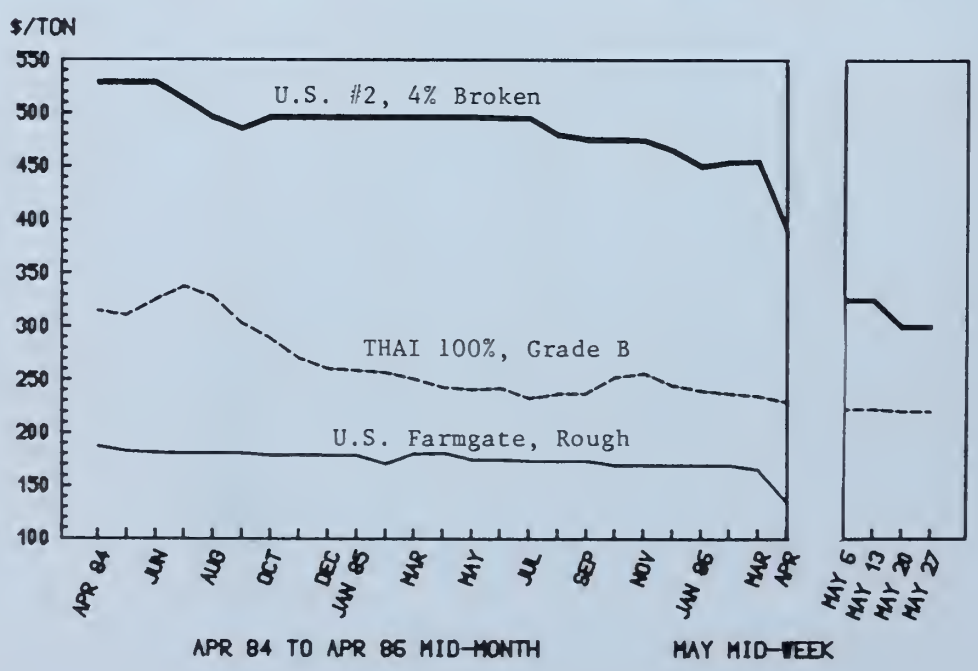
Shipment and Sales: U.S. rice exports during the 4-week period ending May 15 totaled 119,700 tons, up sharply from the previous 4-week total of 57,900 tons. Major destinations included the Dominican Republic, Iraq, Liberia, and Belgium. Cumulative shipments for the 1985/86 marketing year through May 15 totaled 1,237,300 tons, or about 19 percent below the level of shipments for the same period a year ago. During the 4-week period ending April 17, registrations of new export sales for delivery in the current marketing year were 240,100 tons, up sharply from the previous 4-week total of 66,700 tons. Export commitments for 1985/86 delivery now total 1,478,400 tons, or approximately 17 percent below the 1,778,800 tons registered as of this date last year.

1/ Shipments and sales are on a product basis.

Weekly U.S. Rice Exports
(Metric Tons)

Week Ending	Actual	4-Week Moving Avg.
Apr 24	4,200	9,700
May 1	46,000	16,525
May 8	25,400	21,100
May 15	44,100	29,925

RICE PRICES
US AND THAI (C&F ROTTERDAM) AND US FARM



U.S. RICE EXPORT COMMITMENTS BY CLASS TO MAJOR DESTINATIONS

(AUGUST/JULY--1,000 TONS)

Destination	Marketing Year 4/	Long Grain Milled	Long Grain Brown 2/	Other 1/ Milled	Other 1/ Brown	Total Exports
EC-12	1982/83	1	214	15	--	230
	1983/84	29	192	2	70	293
	1984/85	10	209	7	98	331
	1985/86	0	140	1	0	142
Other W. Europe	1982/83	33	54	3	4	94
	1983/84	23	35	3	136	199
	1984/85	26	31	4	63	125
	1985/86	19	35	1	0	56
Iraq	1982/83	327	--	*	--	327
	1983/84	230	--	2	--	232
	1984/85	429	15	1	--	445
	1985/86	427	0	0	--	427
Saudi Arabia	1982/83	267	--	2	--	269
	1983/84	253	--	6	--	259
	1984/85	239	--	6	--	244
	1985/86	133	--	1	--	134
Other Middle East	1982/83	48	--	2	--	50
	1983/84	40	--	12	--	52
	1984/85	41	--	4	--	46
	1985/86	8	0	23	--	31
Republic of Korea	1982/83	--	--	*	213	213
	1983/84	--	--	*	112	112
	1984/85	--	--	--	--	--
	1985/86	--	--	--	--	--
Other Asia & Oceania	1982/83	2	--	129	--	131
	1983/84	3	--	140	--	143
	1984/85	3	--	99	--	102
	1985/86	2	--	9	153	162
Nigeria	1982/83	159	--	--	--	159
	1983/84	63	--	--	--	63
	1984/85	*	--	--	--	--
	1985/86	0	--	--	--	--
Other Africa	1982/83	148	110	153	4	415
	1983/84	95	150	136	--	381
	1984/85	116	65	278	11	476
	1985/86	158	51	108	10	327
Western Hemisphere	1982/83	137	23	86	38	284
	1983/84	156	24	109	14	303
	1984/85	137	48	13	19	217
	1985/86	100	76	8	15	199
Total 3/	1982/83	1,148	400	392	259	2,199
	1983/84	900	401	408	338	2,047
	1984/85	985	389	422	190	1,998
	1985/86	847	302	152	177	1,478

* Less than 500 tons.
1/ Includes short, medium, and mixed.
2/ Data not converted to a milled equivalency, and includes rough rice.
3/ Discrepancies due to rounding and changes to unknown destinations.
4/ 1985/86 year includes August 1 through May 15
Source: U.S. Export Sales Report

IMPORTER BUYING ACTIVITY

Buying activity increased somewhat during the past month, as various buyers made substantial purchases. Sri Lanka bought a reported 70,000 tons from China, Peru bought 40,000 tons of Thai rice, and Saudi Arabia purchased 30,000 tons from the United States. Buyers also purchased rice from the United States under the PL-480 program, with Somalia taking 25,000 tons, Liberia 31,000 tons, and Madagascar 24,000 tons.

OTHER DEVELOPMENTS AFFECTING U.S. EXPORTS

The Thai Board of Trade has held posted prices steady for the month of May, with prices for 100 percent grade B at $215 per ton. Actual export prices of 100 percent B and parboiled 5 percent were stronger at $178 and $136 per ton, respectively. Last year at this time, 100 percent B was selling at $191 per ton, while parboiled 5 percent was available at $187 per ton. A-1 Special broken rice is up slightly at $99 per ton.

On the Rotterdam market, U.S. #2/4 percent long grain has fallen to $300 per ton c.&f., while Thai 100 percent B (bulk) is slightly lower at $220 per ton c.&f. in light trading. U.S. bulk brown now sells for about $200 per ton c.&f., compared to $185 per ton c.&f. for Thai brown.

**Thailand: Thai exports decreased during the past 4 weeks to 353,501 tons, down from the 480,444-ton level of the previously reported 4-week period. Calendar year exports through May 10 totaled 1,824,000 tons, 7 percent greater than the 1,784,000 tons exported in same period last year.

Weekly Thai Rice Exports
(Metric Tons)

Week Ending	Actual	4-Week Moving Avg.
Apr 19	99,412	110,088
Apr 26	111,267	103,756
May 3	81,837	96,022
May 10	60,985	88,375

Apparent export commitments for calendar year 1986 as of May 14 are estimated at 2,140,533 tons (as-is basis), compared with 2,434,261 tons registered at the same time last year.

The Thai government has sent out several trade teams recently, visiting China and Brazil in hopes of selling more rice to those countries.

SELECTED RECENT RICE IMPORTER BUYING ACTIVITY
REPORTED BETWEEN APRIL 24, AND MAY 25, 1986

Buyer	Origin	Quantity 1,000 Tons	Quality 1/	Price $/MT 2/	Delivery Period	Date of Report
Algeria	Thailand	5.0	100B	178.50	May	5/13
	Thailand	5.3	P 5%	146	May	5/13
Cameroon	Thailand	6.6	35%	138	N/A	5/20
	Thailand	11.0	P 5%	N/A	N/A	5/20
	Thailand	2.0	A-1 Spec	97	May	5/13
China	Thailand	10.0	GL 10%	N/A	N/A	4/29
Gambia	Thailand	3.0	A-1 Spec	94	N/A	4/29
Guinea	Thailand	10.0	35%	162 C&F	May	5/20
	Thailand	20.0	35%	134	May	5/20
Liberia	Thailand	8.0	P 25%	N/A	N/A	5/28
Nigeria	Thailand	5.0	P 5%	127	May	4/29
Peru	Thailand	40.0	25%	149.50	May/June	5/13
Saudi Arabia	U.S.	30.0	NA	NA	NA	5/15
Sri Lanka	Pakistan	70.0	35%	136	Jun/Dec	5/28
Togo	Thailand	5.0	A-1 Spec	95	May	5/13
USSR	Thailand	10.0	15%	150	N/A	5/20
Zaire	Thailand	10.5	35%	146	N/A	4/29
Unknown	Burma	20	B1,B2	80.00	N/A	5/8
	Burma	10	35%	132.00	N/A	5/8

Note- See PL-480 table for description of recent PL-480 buying activity.

1/ P = Parboiled, LG = Long Grain, MG = Medium Grain, SG = Short Grain, Br = Brown, F = Fragrant, L/Bld = Long, Boiled, F/Bld = Full Boiled, Gl = Glutinous, S = Super, Spec = Special

2/ F.O.B. basis unless otherwise indicated. Price information is in many cases unconfirmed and as reported through unofficial market sources.

**Burma: The Myanma Export Import Corporation (MEIC) reportedly exported 103,000 tons of rice during April. This brings the export total to over 316,000 tons for the first 4 months of 1986, compared with only 102,800 tons for the same 1985 period. The largest export destinations in April were Vietnam (52,560 tons) and China (16,485 tons). Export sales by MEIC are now estimated at almost 550,000 tons for the year. Burma is currently forecast to export 600,000 tons of rice in CY 1986.

**Pakistan: The Rice Export Corporation of Pakistan (RECP) reportedly exported 152,404 tons of rice in April, bringing total exports in CY1986 to 473,978. This amount compares with 144,738 for the same period one year ago. During the month of May, the RECP refrained from taking offers on coarse rice, as negotiations were in progress on the large rice sale to Sri Lanka. Sri Lanka reportedly purchased 70,000 tons of 35 percent rice from Pakistan.

The RECP was expected to have about 1.1 million tons of rice available for export on a Nov-Oct market year basis. Exports now total 746,638 tons for the market year. With the high volume of exports moved so far, and the recent sale to Sri Lanka adding to other unshipped commitments, Pakistan may become less eager to sell remaining supplies.

**Brazil: Trade rumours persist concerning large purchases of rice. Reportedly, rice imports will be handled entirely by the private trade. The price controls imposed by the Government of Brazil would have to be relaxed for rice, or import duties waived, in order for private companies to do the import business. Brazil reportedly plans on buying an additional 500,000 to 800,000 tons of rice in CY1986.

U.S. EXPORT EXPANSION ACTIVITIES

**GSM-102: Credit Guarantees of $116.0 million remain for Iraq and $8.9 million for Jamaica. Credit lines for other eligible countries remain at allocated levels: Brazil $50.0 million and Portugal $19.0 million.

**PL-480: Over the past month, purchase agreements were issued for Bangledesh and the Yemen Arab Republic. See table below for details of the agreements.

STATUS OF FY 86 TITLE I/III OBLIGATIONS
AS OF 5/28/86
(1,000 MT, $MILLION)

COUNTRY DATES	AGREEMENTS QTY	AGREEMENTS VALUE	PA'S ISSUED QTY	PA'S ISSUED VALUE	SALES QTY	SALES VALUE	TYPE & PRICE $/MT
BANGLADESH	35.0	10.0	35.0	10.0			
GUINEA	20.0	6.0	20.0	6.0	10.0	3.1	LG 296-308
JAMAICA	22.0	6.0	22.0	6.0	11.6	3.5	B LG 296-305
LIBERIA	48.0	11.0	48.0	11.0	31.0	6.2	PB LG 196-203
MADAGASCAR	13.8	4.0	18.0	4.0	24.1	4.0	MG 166 BULK
MOZAMBIQUE	10.0	2.9	10	2.9	14.7	2.9	MG 10.8 MT 195-198 LG 3.9 MT 198-199
SENEGAL	18.3	5.5	18.3	5.5	22.4	5.5	16.8 MT MG 240-252 5.6 MT LG 245-249
SIERRA LEONE	9.0	2.0	9.0	2.0	11.6	2.0	11.6 MT LG 173
SOMALIA	17.0	4.4	17.0	4.4	24.7	4.3	14.2 MT LG 173-180 10.5 MT MG 173-178
YEMEN (YAR)	13.0	5.0	13.0	5.0			

U.S. WHEAT, CORN, SORGHUM, BARLEY, OATS, AND RYE SUPPLY/DISTRIBUTION
MILLION BUSHELS/MILLION ACRES

	Beginning Stocks	Harvested Area	Yield	Production	Imports	Exports	Feed Usage	Total Domestic Use
Wheat								
1976/77	666	70.9	30.3	2,149	3	950	75	755
1977/78	1,113	66.7	30.7	2,046	2	1,124	192	859
1978/79	1,178	56.5	31.4	1,776	2	1,194	158	837
1979/80	924	62.5	34.2	2,134	2	1,375	86	783
1980/81	902	71.1	33.5	2,381	3	1,514	60	783
1981/82	989	80.6	34.5	2,785	3	1,771	135	847
1982/83	1,159	77.9	35.5	2,765	8	1,509	195	908
1983/84	1,515	61.4	39.4	2,420	4	1,429	369	1,111
1984/85	1,399	66.9	38.8	2,595	9	1,424	410	1,154
1985/86	1,425	64.7	37.5	2,425	14	900	325	1,085
1986/87	1,879			2,178	4	1,100	400	1,170
1987/88	1,792							
Corn								
1976/77	633	71.5	88.0	6,289	3	1,657	3,590	4,133
1977/78	1,136	70.6	92.1	6,505	3	1,909	3,717	4,298
1978/79	1,436	71.9	101.0	7,268	1	2,124	4,264	4,872
1979/80	1,710	72.4	109.5	7,928	1	2,415	4,549	5,189
1980/81	2,034	73.0	91.0	6,639	1	2,408	4,157	4,875
1981/82	1,392	74.6	108.9	8,119	1	2,010	4,169	4,966
1982/83	2,537	72.7	113.2	8,235	1	1,834	4,521	5,416
1983/84	3,523	51.5	81.1	4,175	3	1,902	3,818	4,793
1984/85	1,006	71.9	106.7	7,674	4	1,865	4,116	5,170
1985/86	1,648	75.1	118.0	8,865	3	1,400	4,100	5,230
1986/87	3,886			7,575	1	1,625	4,200	5,350
1987/88	4,487							
Sorghum								
1976/77	49	14.5	49.0	711	-	254	449	459
1977/78	47	13.8	56.6	781	-	223	436	447
1978/79	157	13.4	54.5	731	-	190	540	552
1979/80	146	12.9	62.6	807	-	330	494	506
1980/81	118	12.5	46.3	579	-	293	336	347
1981/82	57	13.7	64.0	876	-	260	416	427
1982/83	247	14.1	59.1	835	-	210	475	485
1983/84	387	10.0	48.7	488	-	245	412	422
1984/85	209	15.3	56.4	866	-	297	553	572
1985/86	206	16.7	66.7	1,113	-	225	575	595
1986/87	539			850	-	260	575	595
1987/88	494							
Barley								
1976/77	128	8.4	45.6	383	11	66	172	330
1977/78	126	9.7	44.0	428	9	57	177	333
1978/79	173	9.2	49.2	455	10	26	217	384
1979/80	228	7.5	50.9	383	12	55	204	376
1980/81	192	7.3	49.7	361	10	77	174	349
1981/82	137	9.0	52.4	474	10	100	198	372
1982/83	148	9.0	57.2	516	11	47	241	411
1983/84	217	9.7	52.3	509	7	92	283	452
1984/85	189	11.2	53.4	599	10	77	304	474
1985/86	247	11.5	51.0	589	7	25	300	470
1986/87	349			600	5	45	300	475
1987/88	434							
Oats								
1976/77	205	11.8	45.9	540	2	10	490	573
1977/78	164	13.5	55.6	753	2	12	509	594
1978/79	313	11.1	52.3	582	1	13	525	603
1979/80	280	9.7	54.4	527	1	4	492	568
1980/81	236	8.7	53.0	459	1	13	432	506
1981/82	177	9.4	54.2	510	2	7	454	530
1982/83	152	10.3	57.8	593	4	3	441	526
1983/84	220	9.1	52.6	477	30	2	466	544
1984/85	181	8.2	58.0	474	34	1	433	508
1985/86	180	8.2	63.6	519	25	2	450	530
1986/87	192			530	25	2	450	535
1987/88	210							
Rye								
1976/77	4	0.7	21.4	15	-	-	5	15
1977/78	4	0.7	24.4	17	-	-	7	17
1978/79	4	0.9	26.0	24	-	-	8	19
1979/80	9	0.9	25.7	22	-	2	7	17
1980/81	12	0.7	24.6	16	-	8	7	16
1981/82	4	0.7	26.6	18	-	2	8	18
1982/83	3	0.7	28.9	20	3	-	10	20
1983/84	6	0.9	30.3	27	2	1	12	22
1984/85	11	1.0	33.0	32	1	1	14	24
1985/86	20	0.7	30.0	21	2	1	13	23
1986/87	18			23	1	1	14	23
1987/88	18							

Notes: Commodity Years As Follows: June/May-Wheat, Barley, Oats and Rye; October/September-Corn and Sorghum.
"-" Denotes zero.

Source: World Agricultural Supply and Demand Estimates No. 193, May 9, 1986

QUANTITY and VALUE of U.S. GRAIN and FEED COMMODITY EXPORTS
IN FISCAL YEAR 1985 with COMPARISON to the PRECEDING YEAR

COMMODITY	MARCH FY 85	MARCH FY 86	CUMULATIVE OCT THRU MAR FY 85	CUMULATIVE OCT THRU MAR FY 86	ACTUAL EXPORTS FY 85	PROJECTED EXPORTS FY 86
WHEAT (grain only)						
Quantity (1000 tons).....	1,578	1,834	14,449	9,987	28,524	26,000
Value Per Ton (dollars).....	$155	$139	$153	$138	$149	$128
Value (in million dollars)....	$244	$255	$2,205	$1,381	$4,263	$3,328
CORN (grain only)						
Quantity (1000 tons).....	4,329	2,471	24,917	19,607	46,276	35,765
Value Per Ton (dollars).....	$126	$111	$127	$108	$125	$110
Value (in million dollars)....	$546	$275	$3,160	$2,113	$5,771	$3,934
SORGHUM (grain only)						
Quantity (1000 tons).....	661	169	3,537	1,944	7,549	5,715
Value Per Ton (dollars).....	$121	$107	$115	$94	$115	$100
Value (in million dollars)....	$80	$18	$406	$183	$868	$571
BARLEY, OATS, AND RYE (grain only)						
Quantity (1000 tons).....	27	0	790	172	1,202	375
Value Per Ton (dollars).....	$148	-	$130	$105	$122	$99
Value (in million dollars)....	$4	-	$103	$18	$147	$37
TOTAL COARSE GRAINS (grain only)						
Quantity (1000 tons).....	5,017	2,640	29,064	21,723	55,027	41,855
Value Per Ton (dollars).....	$126	$111	$126	$107	$123	$109
Value (in million dollars)....	$630	$293	$3,669	$2,314	$6,786	$4,542
RICE (grain only)						
Quantity (1000 tons).....	187	111	777	705	1,908	1,800
Value Per Ton (dollars).....	$305	$378	$358	$372	$354	$300
Value (in million dollars)....	$57	$42	$278	$262	$676	$540
PULSES						
Quantity (1000 tons).....	36	37	224	228	425	450
Value Per Ton (dollars).....	$500	$514	$469	$461	$461	$489
Value (in million dollars)....	$18	$19	$105	$105	$196	$220
FLOUR AND OTHER GRAIN PRODUCTS						
Quantity (1000 tons).....	237	243	986	1,209	2,481	3,100
Value Per Ton (dollars).....	$228	$202	$203	$185	$223	$212
Value (in million dollars)....	$54	$49	$200	$224	$554	$656
FORAGE, HAY, MIXED FEED AND GRAIN BYPRODUCTS						
Quantity (1000 tons).....	652	774	2,784	3,266	6,395	7,000
Value Per Ton (dollars).....	$144	$152	$155	$149	$151	$150
Value (in million dollars)....	$94	$118	$432	$488	$964	$1,050
TOTAL VOLUME (in thousand tons)	7,707	5,639	48,284	37,108	94,760	80,205
TOTAL VALUE (in million dollars)	$1,097	$776	$6,889	$4,774	$13,439	$10,336

SOURCE: U.S. Bureau of Census.

U.S. Wheat Programs

	1984 Program		1985 Program		1986 Program	
	Equivalent: Export Price 1/: ($/Ton)	Farm Price ($/Bu.)	Equivalent: Export Price 1/: ($/Ton)	Farm Price ($/Bu.)	Equivalent: Export Price 1/: ($/Ton)	Farm Price ($/Bu.)
Trigger Release Price	$200	$4.45	$200	$4.45	--	--
Target Price	$198	$4.38	$198	$4.38	$198	$4.38
Loan (Reserve)	$158	$3.30	--	--		
National Loan	$158	$3.30	$158	$3.30	$125	$2.40
Season Average Producer Price	$161	$3.38	$147-154	$3.00-3.20	--	--
Farm Price	--	--	$153	$3.16 2/	--	--
Paid Diversion	$136	$2.70	$136	$2.70	--	$2.00 Winter $1.10 Spring

1/ Estimated equivalent, adjusted from $/Bu. at the farm level by including transportation and handling allowances of $1.00 per bushel.
2/ ASCS 5-day moving average as of May 10, 1986

U.S. Corn Programs

	1984 Program		1985 Program		1986 Program	
	Equivalent: Export Price 1/: ($/Ton)	Farm Price ($/Bu.)	Equivalent: Export Price 1/: ($/Ton)	Farm Price ($/Bu.)	Equivalent: Export Price 1/: ($/Ton)	Farm Price ($/Bu.)
Trigger Release Price	$159	$3.25	$159	$3.25	--	--
Target Price	$151	$3.03	$151	$3.03	$151	$3.03
Loan (Reserve)	$136	$2.65	$132	$2.55	--	--
National Loan	$132	$2.55	$132	$2.55	$107	$1.92
Season Average Producer Price	$136	$2.65	$122-128	$2.30-2.45		
Farm Price	--	--	$124	$2.35	--	--
Paid Diversion	--	--	--	--	--	$0.73

1/ Estimated equivalent, adjusted from $/Bu. at the farm level by including transportation and handling allowances of $.80 per bushel.
2/ ASCS 5-day moving average as of May 10, 1986

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Foreign Agriculture Circular

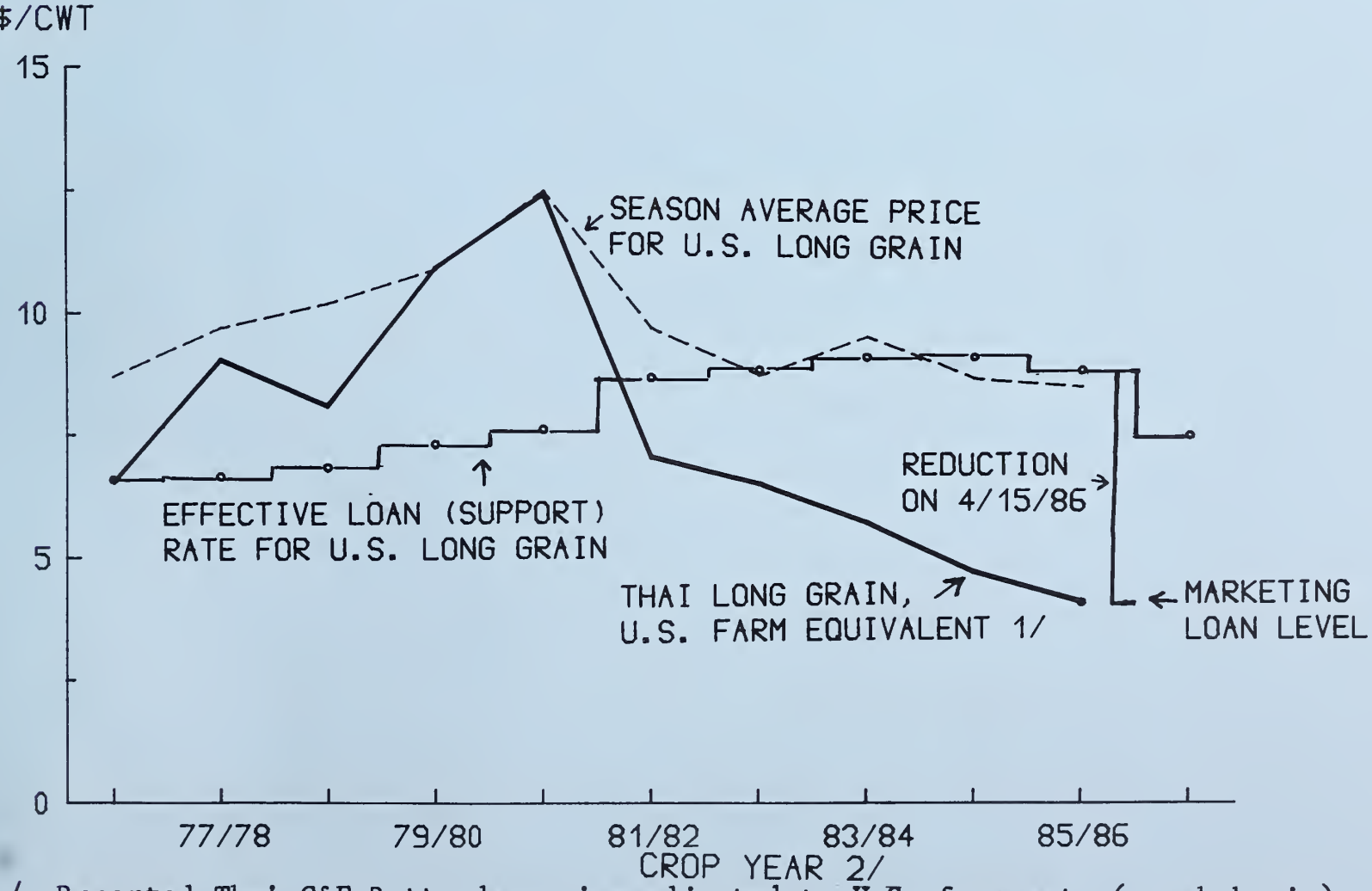
Grains

Export Markets for U.S. Grain and Products

EMG-4-86
April 1986

A major change in the price support rate system for U.S. rice producers became effective April 15, to enable U.S. rice to be more competitive on world markets. This month's cover graph provides perspective on this change. A major feature of the world rice market situation in recent years has been that prices of competing rice -- as illustrated by the case of Thailand -- have fallen below the yearly-fixed U.S. support rates by increasing amounts. Meanwhile, actual market prices for U.S. rice have been prevented, via the loan rate, from following the decline, with the result that since 1982, the U.S. share of the world rice market has decreased. Beginning April 15, however, a new feature has been added; this is called a "marketing loan" which is to be adjusted weekly, and which allows actual market or trading prices of U.S. rice to move up and down with the world market without interference from the announced support rate.

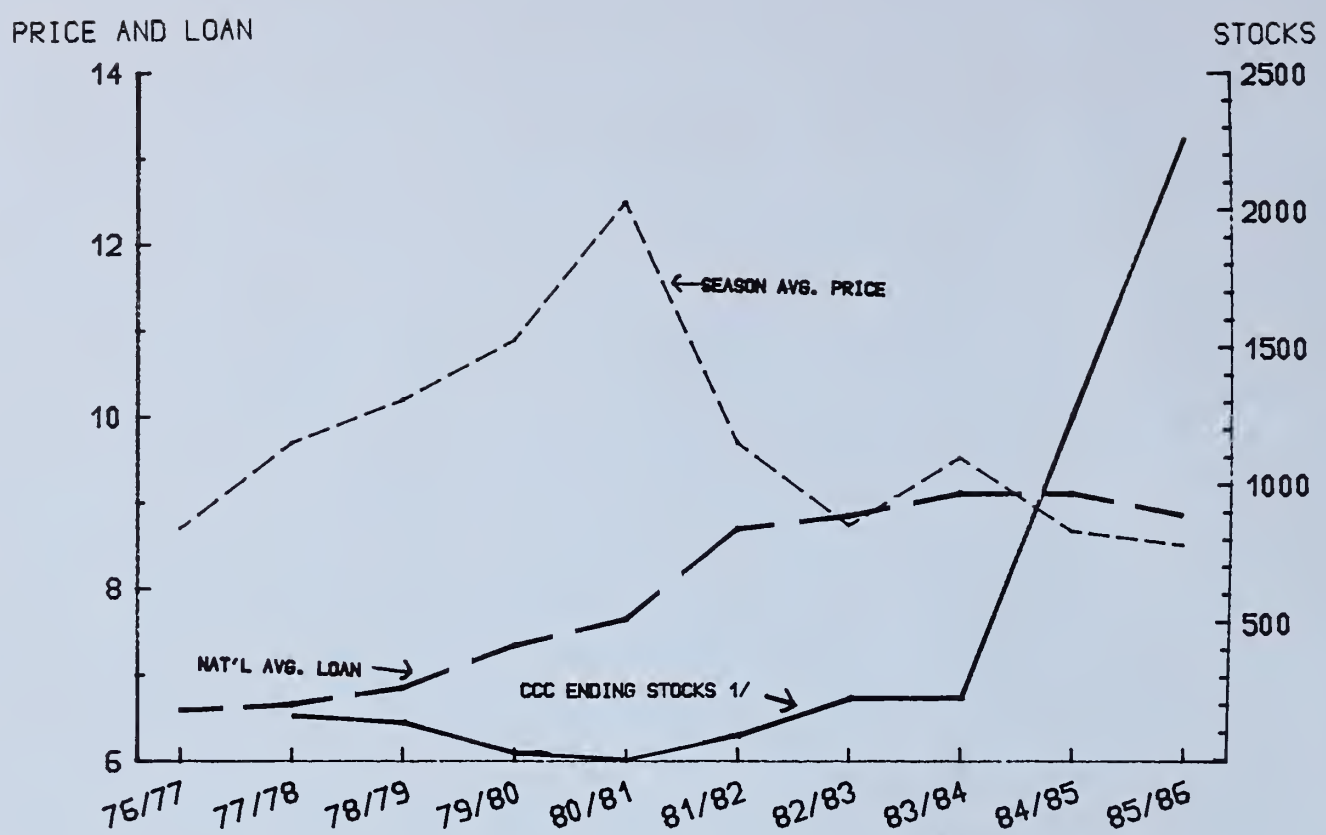
THAI RICE PRICES VS. U.S. RICE PRICE SUPPORT RATES
ROUGH BASIS



1/ Reported Thai C&F Rotterdam price adjusted to U.S. farm gate (rough basis) using $3.75/CWT milling, transportation and export costs with a 56 percent milling conversion rate.
2/ Thai prices on calendar year basis.
Additional graphs on page 2.

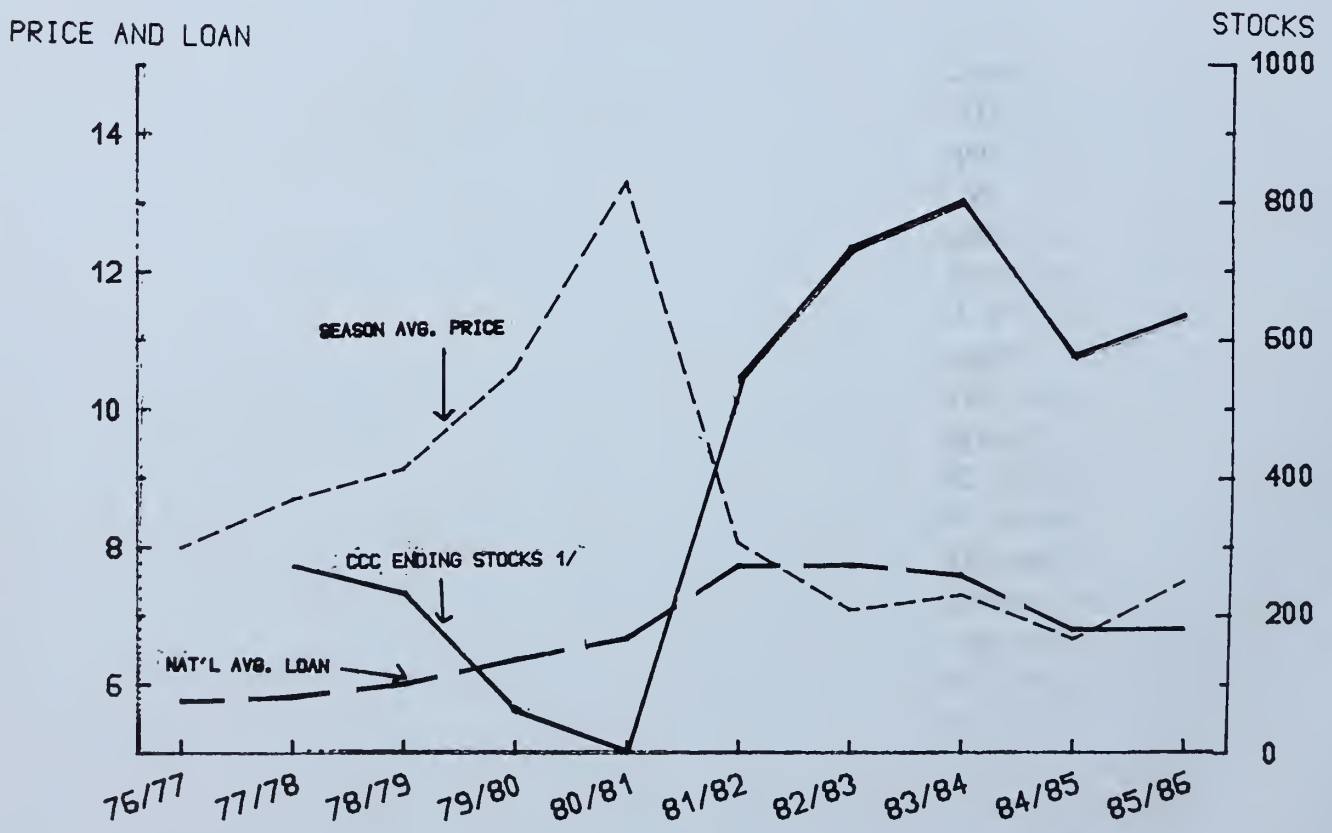
Approved by the World Agricultural Outlook Board - USDA

LONG GRAIN RICE



1/ CCC Ending Stocks for 1985/86 are projected.

MEDIUM GRAIN RICE



1/ CCC Ending Stocks for 1985/86 are projected.

EXPORT MARKETS FOR U.S. GRAIN AND FEED PRODUCTS
April 25, 1986

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HIGHLIGHTS

During the past month, the 1985/86 U.S. coarse grain export forecast was lowered to 44 million tons. A 1.9-million-ton reduction in the corn export forecast, to 36.8 million tons, was responsible for the decline.

Significant developments during the past month affecting U.S. exports:

-- U.S. new-crop wheat export prices are becoming more competitive.

-- The USSR has made its first purchase of U.S. corn since mid-January.

-- China has made its first purchase of U.S. wheat since November.

-- Australian wheat exports are at a record pace.

-- The Canadian Wheat Board has sharply lowered 1986/87 initial payments for wheat and barley.

-- The Canadian government has announced record payouts to farmers.

-- The European Community (EC) has shifted wheat export sales from free market supplies to intervention stocks in order to reduce operating costs.

-- Argentina has announced an increase in 1986/87 wheat support prices.

-- Nigeria has issued 1986 wheat import licenses.

-- Argentina continues to market its record corn export availabilities to traditional U.S. markets.

-- South Africa has reemerged as a major corn exporter.

-- The EC has made its first sales of feed wheat to Korea.

-- The Philippines has announced a ban on corn imports.

-- Canadian barley exports continue to lag well below last year's level.

-- Iraq has made the first substantial purchase of U.S. rice under the new U.S. rice marketing loan program.

-- Brazil has announced a suspension of rice purchases due to higher crop expectations.

This circular was prepared by the Grain and Feed Division, Commodity and Marketing Programs, FAS/USDA. Telephone: (202) 447-2009

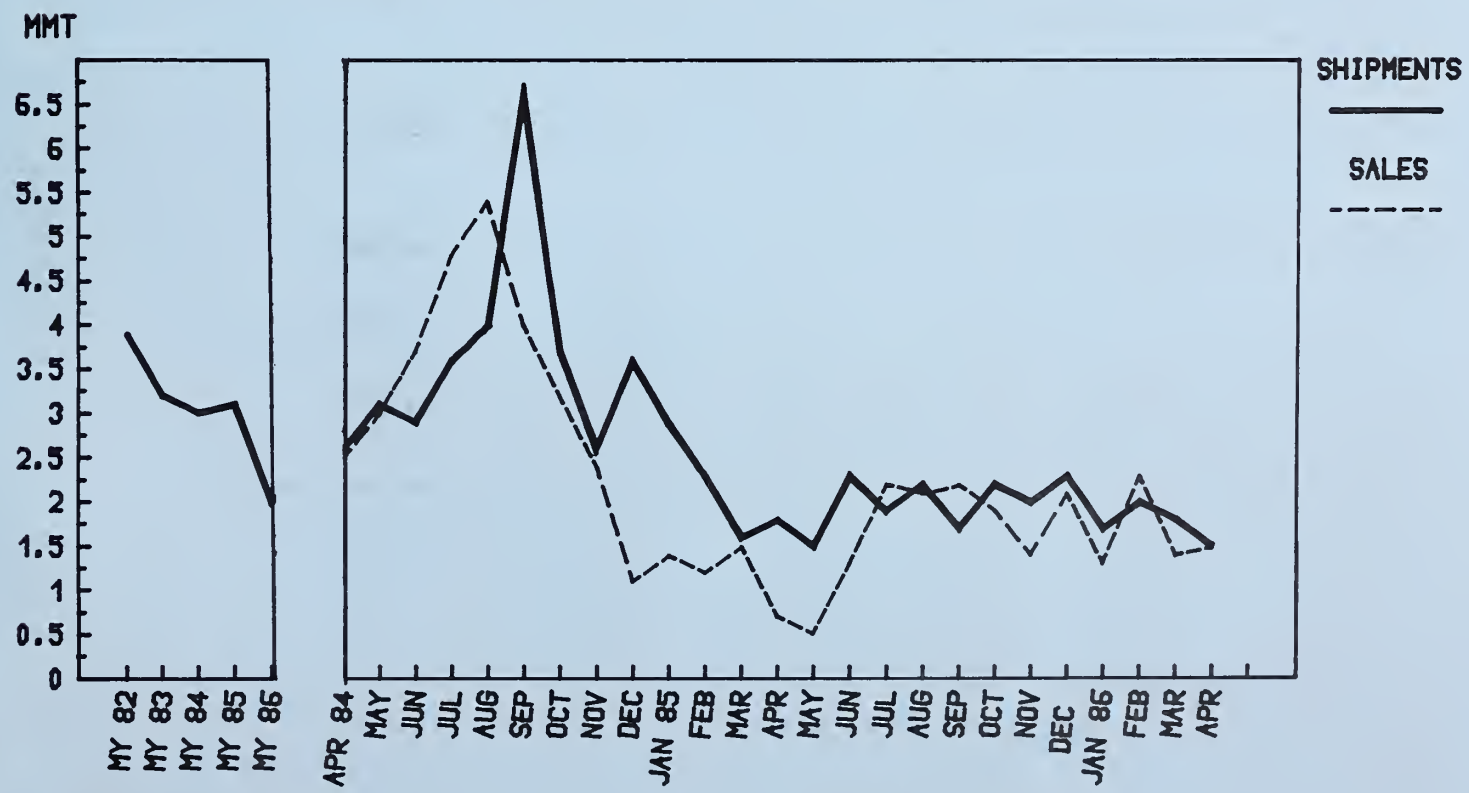
WHEAT

LATEST U.S. EXPORT FORECAST, SHIPMENTS, AND SALES

Export Forecast: As of mid-April, the 1985/86 (June-May) U.S. wheat export forecast remained unchanged at 24.5 million tons. Accumulated U.S. wheat exports through April 17 totaled 20.5 million tons, nearly 40 percent below last year's level of 33.8 million tons.

Shipments and Sales: Wheat shipments in the 4-week period ending April 17 totaled 1.5 million tons, down 16 percent from last month's shipments. New sales for the month of 1.5 million tons, including almost 500,000 tons for shipment in 1986/87 (June-May), were 300,000 tons below last month's sales. Leading destinations included Japan, Korea, and Morocco. Korea (283,000 tons), Japan (107,000 tons), and Egypt (104,000 tons) were the major purchasers of U.S. wheat.

U.S. WHEAT SHIPMENTS AND SALES
ANNUAL MONTHLY AVERAGES FOR MY 1982 - 1986(PROJ)
AND MONTHLY FROM APRIL 1984 - APRIL 1986



MY IS JUNE/MAY MARKETING YEAR

IMPORTER BUYING ACTIVITY

Wheat purchasing activity remained relatively slow during the past month as importers continue to make smaller purchases for near-term delivery or to defer purchases entirely in anticipation of lower world prices. Significant quantities of new-crop U.S. wheat, including China's first purchase of U.S. wheat since November, were made during the month.

WHEAT and FLOUR IMPORTER BUYING ACTIVITY
REPORTED between MARCH 27, 1986 and APRIL 24, 1986

Date of Purchase	Buyer	Origin	Quantity (tons)	Grade 1/	Price Range 2/ ($US per ton)	Delivery Period 3/
4/1	Korea	U.K.	50,000	Feed Wheat	$106.00 C&F	April
4/2	Honduras	U.S.	87,200	HRW-SRW-HRS-HAD	Various	Apr-Sept
	Sri Lanka	Australia	50,000	ASW?	?	Apr-May
	Korea	U.S.	20,000	WW-HRW-HRS	?	May
4/7	Korea	U.S.	16,500	WW-HRW-HRS	Various	Apr-May
	Philippines	U.S.	75,000	HRS	$183.75	May-Jun
4/9	Tunisia	U.S.	50,000	#3 HAD	$135.00 C&F	May-Jun
	Norway	U.S.	25,000	HW	$106.15	July
4/10	Egypt	U.S.	71,000	Wheat Flour	$204.58	May-Jun
4/11	Portugal	Canada	60,000	Soft-Spring	Various	May
4/15	Korea	EC	50,000	Feed Wheat	?	Apr-May
4/16	Korea	U.S.	102,300	WW-HRS 14%	Various	May-June-Jul
	Japan	Canada	57,857	CWRS	?	June
4/18	Korea	U.S.	61,000	HRW	Various	May-June-Jul
	Costa Rica	U.S.	12,000	HRS 14%	$147.72	4/28-5/28
	Costa Rica	U.S.	4,000	#3 HAD	$142.20	4/28-5/28
4/23	Japan	U.S.	38,094	HRS, Durum	?	June
	Japan	Canada	51,047	CWRS	?	June
	Japan	Australia	38,094	ASW	?	June
	Japan	Australia	17,000	GP	?	June
	China	U.S.	60,000	SRW	?	June-July

1/ HRW=Hard Red Winter, HRS=Hard Red Spring, SRW=Soft Red Winter, HAD=Hard Amber Durum, WW=Western White ASW=Australian Soft White, CWRS=Canadian Western Red Spring, PH=Australian Prime Hard, AH=Australian Hard, GP=Australian General Purpose
2/ FOB unless otherwise noted.
3/ FH denotes first half; LH, last half.

SOURCE: Unofficial market news reports.

MARKET OPPORTUNITIES

Recent sales of new-crop U.S. wheat indicate that U.S. export prices have become somewhat more competitive on the world market. Through mid-April, wheat sales for shipment in the 1986/87 marketing year totaled 1.7 million tons, nearly double advanced sales for the corresponding period last year.

**Peru: Peru recently purchased 45,000 tons of U.S. wheat for June-July shipment. At US$103-106 per ton, U.S. prices were substantially lower than in the past and compared very favorably with recent Argentine prices. Peru, which imports over 900,000 tons of wheat annually, was predominately a U.S. market until less expensive Argentine wheat displaced more than half of U.S. wheat exports in recent years. However, this year it appears that lower U.S. prices, in addition to quality and reliability, will again make U.S. wheat an attractive buy in the Peruvian market.

U.S. WHEAT SHIPMENTS, SALES, and INSPECTIONS
(JUNE/MAY--MILLION TONS)

------ Monthly SHIPMENTS ------		
For Period Ending	1984/85	1985/86
Jan. 23	3.2	2.0
Feb. 20	2.3	1.7
Mar. 20	1.5	1.8
Apr. 17	1.8	1.5
Cumulative for MY..	33.8	20.5

------ Monthly SALES 1/ ------		
For Period Ending	1984/85	1985/86
Jan. 23	2.5	2.1
Feb. 20	1.2	1.6
Mar. 20	1.6	1.8
Apr. 17	1.4	1.5
Cumulative for MY..	37.3	24.9

Weekly and Annual INSPECTION Rates	MT	BU
Week Ending April 10	0.4	15.6
Week Ending April 17	0.4	13.2
Official Estimate for 1985/86 (Grain only)	22.7	835
Implied Weekly Average	0.4	16.1
Weekly Average for Latest Six Weeks	0.4	15.1
Marketing Year-to-Date Weekly Average	0.5	16.9
MY Year-to-Date Average Extrapolated Annually	24.0	881
Weekly Average Required during Remainder of MY to Achieve Official Estimate ..	0.3	9.3

1/ Sales made since the beginning of the applicable marketing year, including sales for shipment in the next marketing year.

SOURCE: Shipments and sales data from U.S. Export Sales. Inspections data from the Federal Grain Inspection Service.

SUPPLY and DISTRIBUTION of U.S. WHEAT by CLASS
(MILLION BUSHELS)

Marketing Year beginning June 1	Hard Winter	Hard Spring	Soft Red	White	Durum	Total
--- 1984/85 ---						
Beginning Stocks	745	314	74	167	99	1,399
Production	1,251	409	531	301	103	2,595
Total Supply 1/	1,996	725	605	470	207	4,003
Domestic Use	562	171	288	87	46	1,153
Exports	717	183	253	210	61	1,424
Total Use	1,279	354	541	297	107	2,578
Ending Stocks	717	371	64	173	100	1,425
--- 1985/86 ---						
Beginning Stocks	717	371	64	173	100	1,425
Production	1,230	460	368	254	113	2,425
Total Supply 1/	1,947	836	432	429	220	3,864
Domestic Use	553	181	212	76	53	1,075
Exports	410	160	155	130	45	900
Total Use	963	341	367	206	98	1,975
Ending Stocks	984	495	65	223	122	1,889

1/ Includes imports.

SOURCE: World Agricultural Supply and Demand Estimates, No. 192 - April 10, 1986.

Other Exporting Countries' Selling Activity and Competitive Practices

**Australia: The Australian Wheat Board (AWB) announced that it has firm commitments for the purchase of over 14 million tons of wheat, giving Australia an excellent chance of achieving the AWB's wheat export target of a record 16 million tons. Strong export sales and record monthly shipments have pushed exports to 8.5 million tons at the halfway point in Australia's 1985/86 (October-September) marketing year, well above the 7.6-million-ton pace set for the corresponding period last year. Even if the export pace were to drop to last year's level for the remainder of the season, 1985/86 exports would still surpass the 14.7 million ton record set in 1984/85. China, Egypt, Iran, Iraq, Japan, and the Soviet Union are major Australian wheat buyers.

**Canada: The Canadian government has announced record interim Western Grain Stabilization Program (WGSP) payments totalling C$580 million (about US$420 million) to participating prairie farmers for their 1985/86 crop. The WGSP is a federal program designed to supplement farmers' incomes, allowing them to maintain higher levels of production in competition with U.S. farmers. Payouts are triggered when earnings from a basket of commodities (i.e., wheat, barley, oats, rye, rapeseed, flaxseed, and mustard) fall below average earnings for the previous 5 years. Participation is voluntary, and the program is financed by contributions from both producers and the federal government.

In 1984/85, similar interim payments of C$450 million were made, with final payouts under the program totalling C$522 million. As of April 1986, only about C$600 million remained in the WGSP fund, and 1985/86 fall payments are likely to deplete the remainder of the fund. However, the Canadian Minister responsible for the Wheat Board has already stated that WGSP legislation stipulates that payments must be made under qualifying conditions, even when the fund is in a deficit position.

**European Community: In an apparent attempt to shore up the EC financial position in preparation for greater competition from lower-priced, new-crop U.S. wheat, the European Commission has shifted wheat exports from free market supplies to intervention sales. With this shift, the Commission hopes to reduce its expenditures for storing large amounts of low-quality wheat. More importantly, by restricting exports of free market wheat, the Commission can effectively maintain internal wheat supplies at a level sufficient to stimulate domestic demand by lowering internal-EC prices. Lower internal wheat prices could serve to reduce the Commission's high restitution costs for 1986/87 free market export sales and help to avert a budgetary crisis by narrowing the expected gap between high EC and reduced world wheat prices.

WHEAT SHIPMENTS by MAJOR EXPORTING COUNTRIES
RECENT MONTHS and SEASON TOTALS for 1984/85-1985/86
(JULY/JUNE—MILLION TONS)

For Period Ending 1/	— CANADA —		- AUSTRALIA -		- ARGENTINA -		- FRANCE 2/ -		— TOTAL —	
	84/85	85/86	84/85	85/86	84/85	85/86	84/85	85/86	84/85	85/86
Jan. 24	.8	1.1	1.1	1.7	1.5	.9	.8	1.4	4.2	5.1
Feb. 20	.7	.8	1.0	1.8	1.9	1.0	.7	1.0	4.3	4.6
Mar. 20	.8	.6	1.4	1.7	1.5	.7	1.2	1.0	4.9	4.0
Apr. 17	1.3	.7	1.4	1.4	1.1	.6	1.2	1.0	5.0	3.7
Cumulative Since July 1 .	15.5	12.5	12.6	12.8	6.9	5.1	10.2	9.2	45.1	39.6
Total for Season 3/	19.4	17.5	15.3	15.7	8.0	6.1	12.6	11.0	55.3	50.3

1/ Or nearest date.
2/ Excludes intra-EC trade.
3/ Forecast for 1985/86.
- Less than 0.1, N/A - Data not available.

Competitive Developments in Selected Foreign Markets

**Nigeria: The Nigerian government has now issued wheat import licenses for calendar year 1986. U.S. wheat sales, however, are expected to face increased competition from both Canadian and Argentine wheat, with credit considerations playing an even greater role in this year's sales. Nigeria had delayed issuing licenses in order to reassess its financial situation in the wake of sharply reduced oil revenues. Although no figures are available, early indications are that wheat imports likely will be about 10 percent lower than last year's level rather than the 25-percent decrease originally anticipated. Prior to 1985/86 (July-June), the U.S. supplied nearly all of Nigeria's average annual wheat import requirement of 1.6 million tons.

**Saudi Arabia: Saudi Arabia continues to actively seek export markets for its 1-million-ton wheat surplus. Sources indicate the Yemen Arab Republic recently purchased 45,000 tons of Saudi Arabian hard wheat at US$141 per ton. The US$6.3 million sale, however, cost the Saudi government over US$18 million given the government's US$547 per ton support payment for domestic wheat production.

Bahrain is also seriously considering shifting from Australian to Saudi wheat. It appears that Bahrain Flour Mills will postpone plans to expand its wheat storage capacity, especially since it will be possible to truck Saudi wheat to Bahrain in 2 hours after the causeway linking the two countries is opened. Bahraini government officials reportedly are considering terminating their long-standing wheat agreement with the Australian Wheat Board.

Sudan is reportedly another possible outlet for Saudi wheat. Sudan is expected to have a record 4.5 million ton sorghum crop in 1985/86 (October-September) and could export its surplus sorghum supplies to Saudi Arabia in return for wheat. During the past several years, Sudan has imported an average of about 600,000 tons of wheat, of which slightly less than half was from the United States.

**Malaysia: The U.S. share of Malaysia's 600,000-ton wheat market has deteriorated during the past 2 years due to pressure from Canadian and Argentine wheat. Malaysia, which depends entirely on imports to fulfill its wheat requirements, buys largely on the basis of price. Although Australia and the United States both have a decided freight advantage, lower prices have allowed Argentina and Canada to move into the Malaysian wheat market, with each capturing over 10 percent of the market.

Shipments of Wheat to Malaysia
(July-June - 1,000 MT)

Origin	1982/83 (TMT)	1982/83 (%)	1983/84 (TMT)	1983/84 (%)	1984/85 (TMT)	1984/85 (%)	Shipments July through December 1984/85	Shipments July through December 1985/86
U.S.	132	(24)	103	(17)	93	(15)	24	32
Australia	404	(76)	493	(82)	403	(63)	236	130
Canada	5	(0)	6	(0)	73	(11)	57	9
Argentina	0	(0)	0	(0)	72	(11)	24	90
Total	541		602		640		341	261

SOURCE: Exporter reported data.

Internal Price Policies Of Foreign Countries

**Major Exporters: The latest internal support prices for the principal world wheat exporters, for their respective marketing years, are listed below. Prices are not strictly comparable because U.S., Argentine, and EC prices are on a local delivery point basis, while Australian and Canadian prices represent their respective marketing board's initial payments to producers. Prices also may not be comparable due to quality differences. For example, in terms of quality differentials, the Canadian price is set for No. 1 Canadian Western Red Spring (CWRS), while No. 2 CWRS currently is discounted C$6 per ton and No. 3 CWRS is discounted C$14 per ton. No. 1 CWRS has represented about 40 percent of Canadian wheat exports over the past 10 years. EC prices given below are for medium quality wheat as of February 1986 and include a 2.5 ECU increment for each month since August 1985.

Major Exporter' Support Prices for Wheat
As of April 1986

Exporter	1985/86 U.S.$ Equivalent 1/		1985/86 Local Currency	1986/87 U.S.$ Equivalent 1/		1986/87 Local Currency
	per bu.	per ton	per ton	per bu.	per ton	per ton
U.S. (loan)	$3.30	$121	121 (US$)	$2.40	$88	88 (US$)
Argentina (reference)	$2.21	$81	65 2/		$90	72 2/
Australia (min. pay.)	$2.70	$108	150 (A$)	--	--	N/A (A$)
Canada (initial pay.)	$3.19	$115	160 (C$)	$2.55	$94	130 (C$)
EC (reference) 3/	$4.51	$215	229 (ECU)	--	--	N/A (ECU)
(intervention) 4/	$3.94	$188	200 (ECU)	--	--	N/A (ECU)

1/ Average exchange rate for April through 4/18/86.
2/ Caution should be taken when using the local price and its US$ equivalent because of the frequent changes in the support price and the volatility of the Argentine exchange rate. Exchange rate in australs as of January 1986.
3/ Support price for bread-quality wheat.
4/ Support price paid for other milling wheats; EC prices represent medium-quality wheat.

**Argentina: The financial crisis facing Argentine farmers apparently has prompted Argentina to raise its 1986/87 support price for wheat 10-percent to 72 australs per ton (about US$90) effective this November. This action is in sharp contrast to the recent reductions in both U.S. and Canadian wheat support prices. Farm groups reportedly are advising farmers not to plant wheat, stating that the increase in the support price is not sufficient to cover the cost of production. Argentina is a major wheat exporter, averaging nearly 11 million tons of exports per year.

**Canada: In anticipation of increased competition from lower U.S. new-crop prices and higher EC export subsidies, the Canadian Wheat Board (CWB) has reduced its initial payment 19 percent for the 1986/87 wheat crop. Initial payments for both No. 1 Canadian Western Red Spring and durum wheats were lowered C$30 per ton to C$130 per ton (about US$93 per ton). Charges for handling and storage will remain at 1985/86 levels in recognition of the difficult financial situation facing domestic producers.

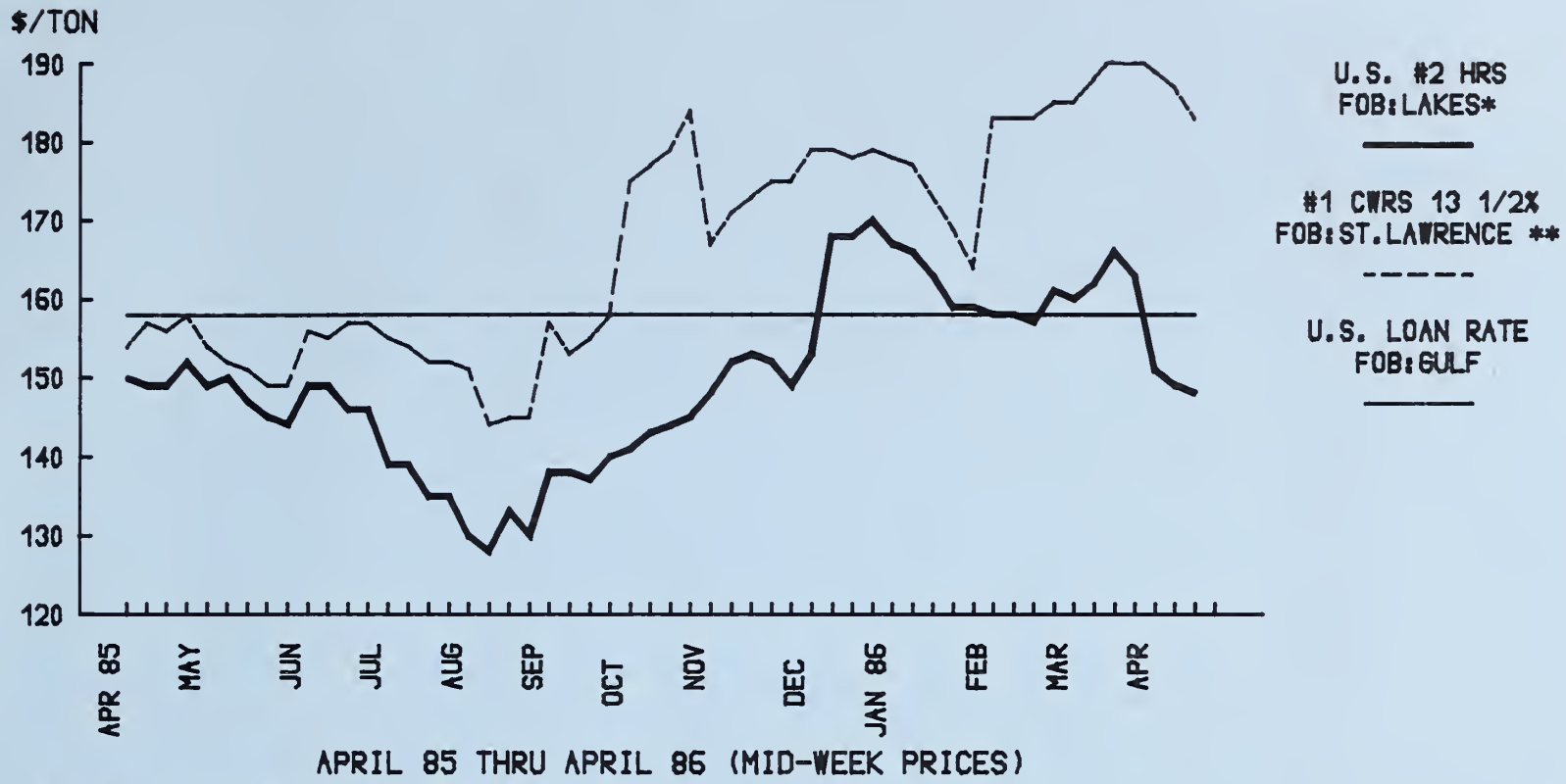
The Statistics Canada planting intentions survey, which was taken before the initial payments were announced, showed a 2-percent increase in planned wheat area for 1986/87. Since the announcement, there has been speculation that the large decline in the initial payments would result in a major reduction in wheat area. However, several factors may offset a decline in wheat plantings, including good early season conditions, a lack of cropping alternatives, low stocks of high-quality wheat, and a confidence that the government will provide some type of additional support.

Other Developments Affecting U.S. Exports

**Japan: Japan's Food Agency recently reported that it purchased 4.9 million tons of foreign wheat during fiscal year 1985/86 (April-March), of which about 2.9 million tons were from the United States. This is the smallest amount of both foreign and U.S. wheat the Food Agency has bought since 1972/73 and represents a drop of over 350,000 tons from last year's purchases. This year's sharp decline in purchases is the result of several factors, including larger domestic wheat production, stagnant demand for wheat-based foods, and an increase in imports of processed wheat products, including pasta and noodles. Despite the smaller purchases, the United States maintained its share of the Japanese wheat market at slightly below 60 percent.

**India: In an attempt to reduce government-held wheat stocks, India's Commerce Ministry has proposed exporting 2 million tons of wheat during 1986/87 (April-March). Three successive record or near-record grain harvests have pushed the government's foodgrain buffer stocks to 16.7 million tons as of December 1985, well above the target of 10 million tons (i.e., 5 million tons each of wheat and rice). When last year's efforts to export 1 million tons were less than successful, the government shifted emphasis to increasing domestic consumption through special subsidies targeted at nutritionally vulnerable segments of the population. However, a recent increase in the price at which the government releases its wheat is expected to have an adverse affect on on these programs and on domestic wheat consumption in general. Although India now permits private traders to export wheat, persistent quality problems and a lack of price competitiveness will make such exports difficult without a subsidy.

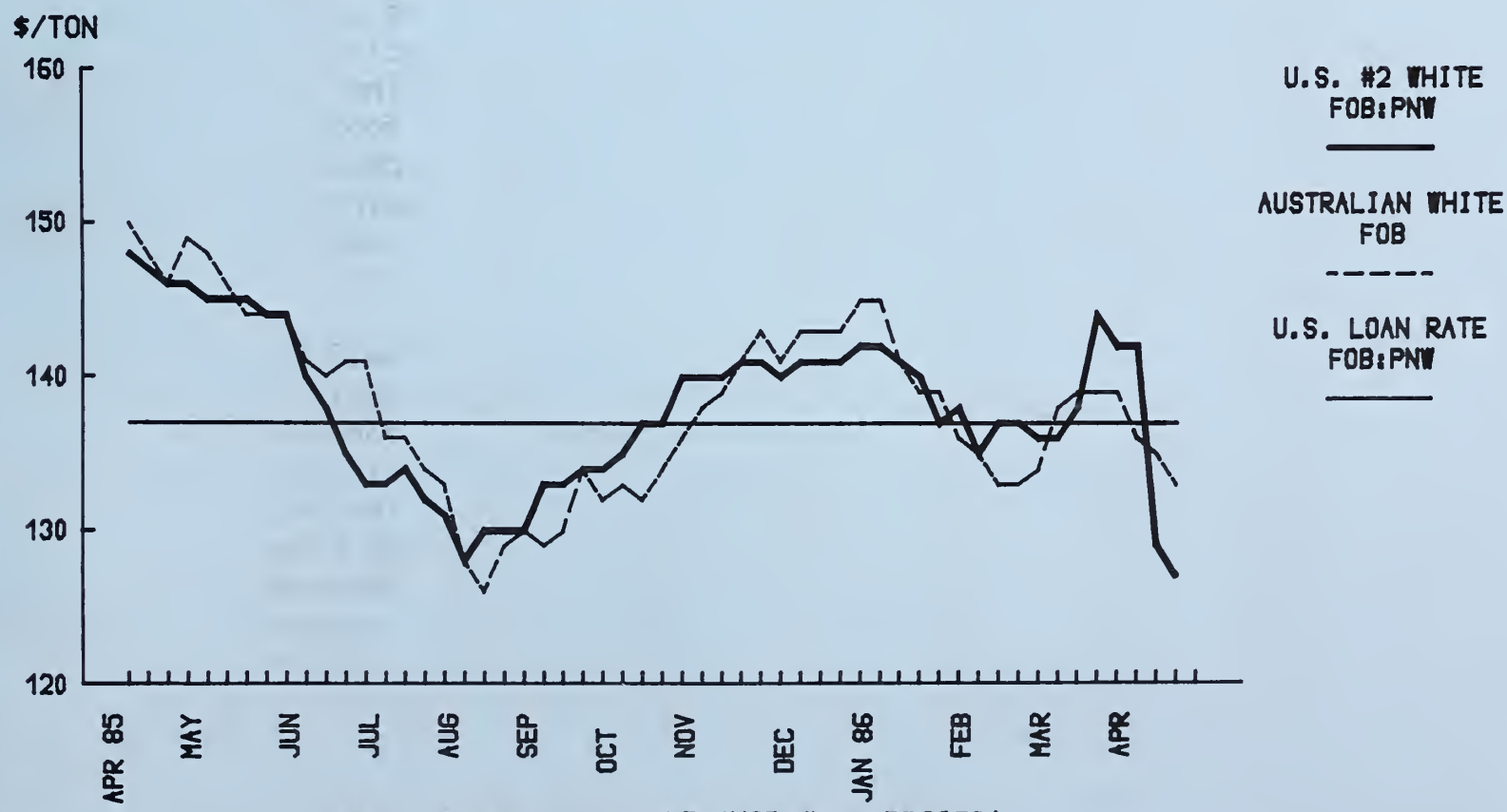
HARD RED SPRING WHEAT EXPORT PRICES
U.S. AND CANADIAN



APRIL 85 THRU APRIL 86 (MID-WEEK PRICES)

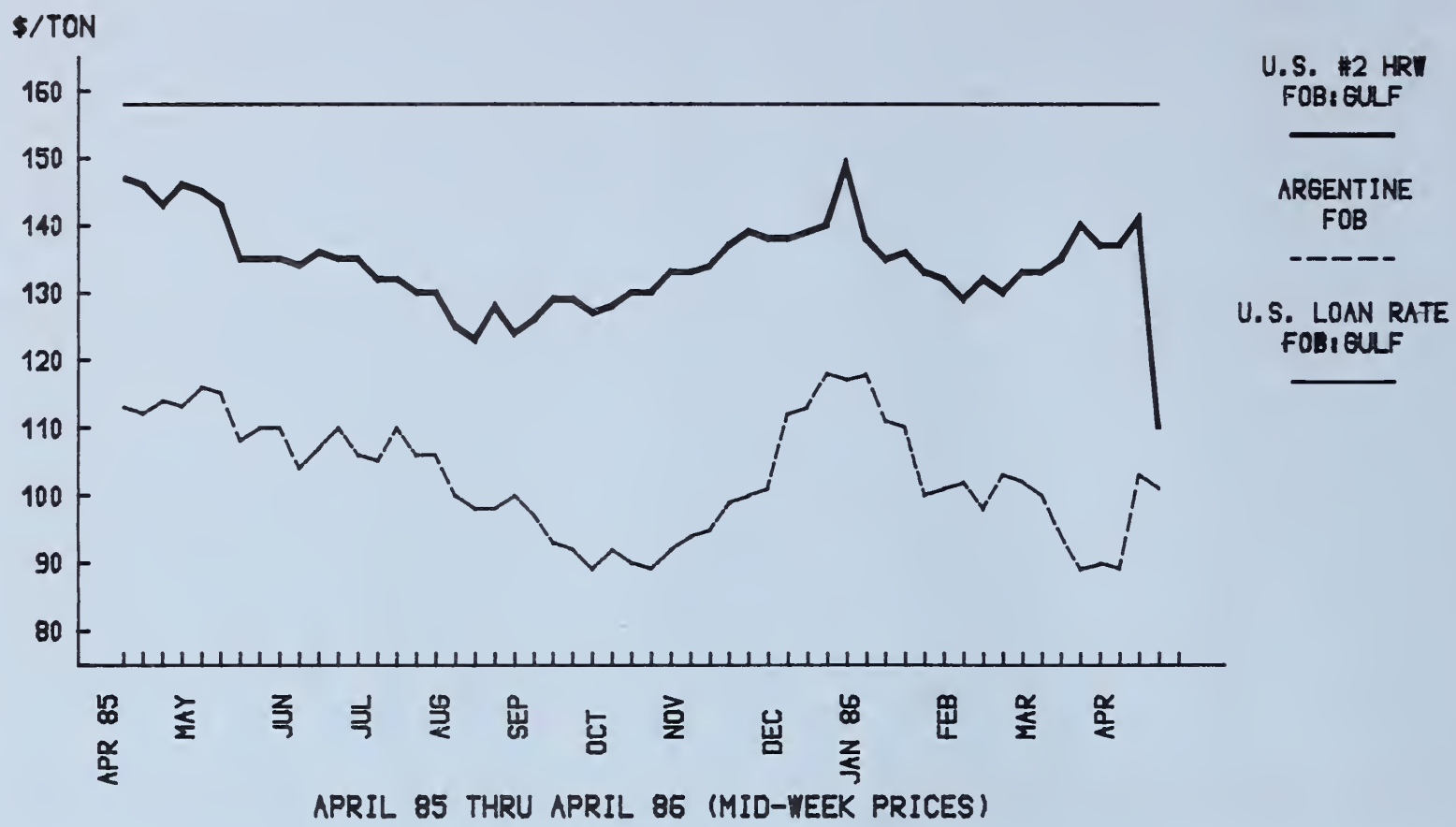
* FOB GULF DURING WINTER MONTHS (DEC THRU MAR)
** FOB ST. LAWRENCE AS OF FEBRUARY 1986
FOB THUNDER BAY PRIOR TO FEBRUARY 1986

WHITE WHEAT EXPORT PRICES
U.S. AND AUSTRALIAN

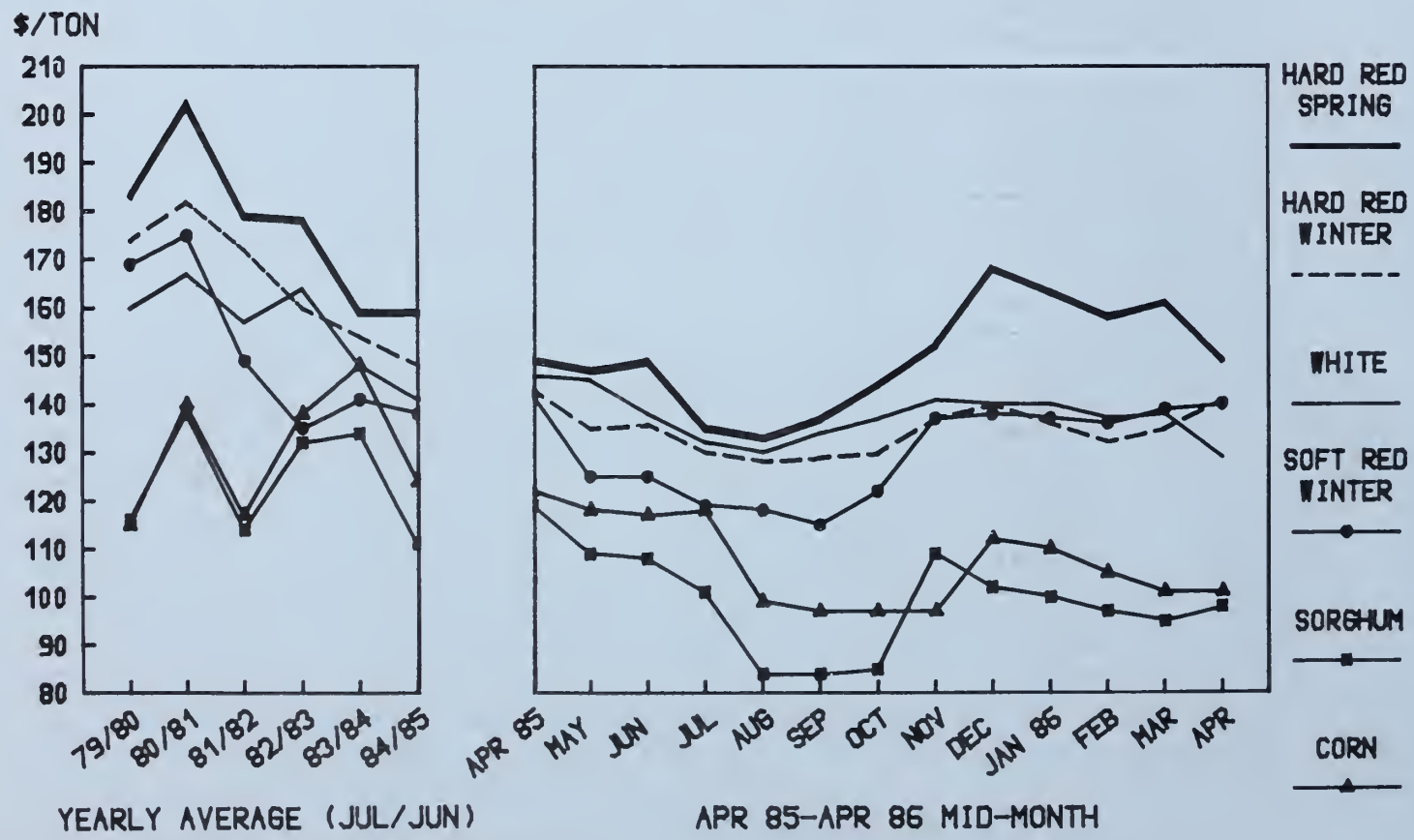


APRIL 85 THRU APRIL 86 (MID-WEEK PRICES)

HARD RED WINTER WHEAT EXPORT PRICES
U.S. AND ARGENTINE



US. GRAIN COMMODITY EXPORT PRICES FOB GULF
EXCEPT FOB PNW FOR WHITE WHEAT
AND FOB LAKES FOR HARD RED SPRING*



* FOB GULF DURING WINTER MONTHS (DEC THRU MAR)

U.S. WHEAT EXPORT COMMITMENTS by CLASS to MAJOR DESTINATIONS
TOTAL EXPORTS for 1983/84 - 1984/85; COMMITMENTS to DATE for 1985/86 with COMPARISON to 1984/85
(JUNE/MAY--1,000 TONS)

Destination	Marketing Year	Hard Red Winter	Hard Red Spring	Soft Red Winter	All White	Durum	Total
EC-12	1983/84	350	1,218	405	--	298	2,271
	1984/85	340	726	222	--	198	1,486
	1984/85*	378	674	221	--	184	1,457
	1985/86**	306	606	162	--	186	1,261
Other W. Europe	1983/84	448	32	8	16	14	518
	1984/85	206	91	420	--	35	752
	1984/85*	168	70	420	--	36	694
	1985/86**	571	108	--	6	4	689
USSR	1983/84	4,141	--	--	--	--	4,141
	1984/85	6,339	--	--	--	--	6,339
	1984/85*	6,339	--	--	--	--	6,339
	1985/86**	153	--	--	--	--	153
China	1983/84	1,368	--	1,549	--	--	2,917
	1984/85	105	--	2,693	--	--	2,798
	1984/85*	105	--	2,693	--	--	2,798
	1985/86**	--	--	581	--	--	581
Japan	1983/84	1,287	1,010	--	1,126	12	3,435
	1984/85	1,367	1,067	--	1,013	15	3,462
	1984/85*	1,324	1,046	--	1,013	15	3,398
	1985/86**	1,310	990	--	993	61	3,353
Taiwan	1983/84	245	185	--	130	--	560
	1984/85	299	211	--	145	--	655
	1984/85*	300	211	--	145	--	655
	1985/86**	294	219	--	157	--	670
Rep. of Korea	1983/84	649	221	2	1,179	--	2,051
	1984/85	674	231	--	1,103	--	2,008
	1984/85*	666	225	--	1,103	--	1,994
	1985/86**	633	263	3	1,192	--	2,090
Other Asia, Middle East, and Oceania	1983/84	2,288	1,232	258	1,222	21	5,021
	1984/85	2,227	1,002	178	1,502	--	4,909
	1984/85*	2,233	970	178	1,499	--	4,879
	1985/86**	1,916	791	143	1,255	60	4,165
Egypt	1983/84	--	--	539	807	--	1,346
	1984/85	30	--	429	1,205	--	1,664
	1984/85*	--	--	429	1,205	--	1,634
	1985/86**	--	--	1,428	129	--	1,557
Nigeria	1983/84	1,278	265	88	--	--	1,631
	1984/85	1,324	198	91	--	--	1,613
	1984/85*	1,215	198	91	--	--	1,503
	1985/86**	803	21	73	--	--	897
Other Africa	1983/84	471	7	1,876	45	844	3,243
	1984/85	418	39	2,034	35	803	3,329
	1984/85*	404	39	1,978	28	773	3,222
	1985/86**	1,490	70	816	--	556	2,933
Brazil	1983/84	2,181	66	66	--	--	2,313
	1984/85	3,111	67	67	--	--	3,245
	1984/85*	3,113	--	67	--	--	3,180
	1985/86**	722	--	--	--	--	722
Other W. Hemis.	1983/84	2,223	1,477	514	48	296	4,558
	1984/85	2,061	1,290	503	159	293	4,306
	1984/85*	2,060	1,307	432	159	279	4,237
	1985/86**	1,643	1,196	593	2	227	3,661
Total 1/	1983/84	17,128	5,647	5,593	5,541	1,556	35,465
	1984/85	18,460	4,862	6,577	5,234	1,458	36,591
	1984/85*	18,283	4,749	6,509	5,154	1,438	36,132
	1985/86**	9,838	4,323	3,796	3,734	1,379	22,909
MY Projection 2/		11,158	4,355	4,218	3,538	1,225	24,494

1/ Discrepancies due to rounding and sales to unknown destination.
2/ Projections for 1985/86, including flour and products.
* Sales plus accumulated exports as April 17, 1985, excluding sales for next marketing year.
** Sales plus accumulated exports as April 17, 1986, excluding sales for next marketing year.

EXPORT PROMOTION ACTIVITIES

**Japan: U.S. Wheat Associates has announced the signing of contracts with major Japanese mills to promote premixed flour, doughnuts, bread, and pastry. The promotion campaigns will be conducted on a nationwide basis in cooperation with a large number of bakeries and retail outlets, and will stress the quality, convenience, and economy of the products. In view of the current sluggish demand for wheat-based products in Japan, these activities represent a timely effort to stimulate wheat demand.

**China: U.S. Wheat Associates continues to provide assistance in modernizing and expanding China's flour milling and baking industries. Rising consumer incomes and shorter lunch periods have lead to a Chinese-style fast food revolution in urban areas, increasing demand for bread, instant noodles, and other wheat-based convenience foods. One goal is to reduce the flour extraction rate from 80 to 70 in order to produce the higher-quality flour consumers now demand. Estimates indicate that this improvement will result in a 12-percent increase in the volume of wheat utilized by the flour industry. In addition to increasing wheat utilization, development of China's baking sector is expected to stimulate demand for wheat varieties not readily available in China.

Status of the Export Enhancement Program
as of April 24, 1986

Country	Date	Commodity	Amount Offered (MT)	Amount Purchased (MT)
Algeria	June 4	Wheat	1,000,000	1,000,000
	Apr. 10	Wheat	1,000,000	-----
	Feb. 11	Semolina	250,000	-----
	Feb. 25	Wheat Flour	100,000	-----
	Apr. 17	Barley	500,000	-----
Benin	Apr. 7	Wheat	45,000	-----
Egypt	July 2	Wheat Flour	600,000	175,000 1/
	July 26	Wheat	500,000	500,000
	Oct. 30	Wheat	500,000	167,500
Iraq	Dec. 9	Wheat Flour	150,000	37,500 1/
Jordan	Nov. 8	Rice	40,000	-----
	Mar. 19	Wheat	75,000	50,000
Morocco	Sep. 30	Wheat	1,500,000	760,000
Nigeria	Dec. 10	Barley Malt	100,000	-----
Philippines	Nov. 15	Wheat Flour	100,000	50,000 1/
	Jan. 6	Wheat	150,000	152,400
Syria	Apr. 8	Wheat	700,000	-----
Tunisia	Mar. 18	Wheat	300,000	50,000
Turkey	Oct. 16	Wheat	500,000	506,600
Yemen	Aug. 20	Wheat Flour	50,000	31,500 1/
	Apr. 14	Wheat Flour	100,000	-----
	Sep. 6	Wheat	100,000	50,000
	Apr. 14	Poultry Feed	150,000	-----
Yugoslavia	Apr. 10	Wheat	200,000	-----
Zaire	Nov. 18	Wheat Flour	64,000	45,000 1/
	Dec. 27	Wheat	40,000	20,000

Commodity Totals	Amount Offered (MT)	Amount Purchased (MT)
Wheat	6,610,000	3,256,500
Flour	1,164,000	339,000
Semolina	250,000	-----
Rice	40,000	-----
Barley Malt	100,000	-----
Poultry Feed	150,000	-----
Barley	500,000	-----

1/ Flour not in grain equivalent.

PL-480

FY 1986 PUBLIC LAW TITLE I/III
COUNTRY AND COMMODITY ALLOCATIONS

Countries with $790 or Less Per Capita GNP	TOTAL ($Millions)	----- (1,000 Tons Grain Equivalent) ---- WHEAT/FLOUR	RICE	FEEDGRAINS
Bangladesh ..	$70.0	308.0	35.0	--
Bolivia	$20.0	140.0	--	--
Egypt	$213.0	1,557.0 1/	--	--
El Salvador .	$46.0	148.0	--	--
Ghana	$8.0	--	7.0	--
Guinea	$6.0	--	20.0	--
Haiti	$18.0	66.0	--	--
Honduras	$15.0	86.0	--	--
Indonesia ...	$30.0	220.0	--	--
Kenya	$10.0	55.0	11.0	--
Liberia	$11.0	--	34.0	--
Madagascar ..	$8.0	--	14.0	--
Morocco	$40.0	292.0	--	--
Mozambique ..	$7.9	20.0	10.0	20.0
Pakistan	$50.0	--	--	--
Philippines .	$35.0	66.0	38.0	56.0
Senegal	$5.5	--	18.0	--
Sierra Leone	$4.0	13.0	7.0	--
Somalia	$16.5 2/	27.0	17.0	--
Sri Lanka ...	$26.0	193.0	--	--
Sudan	$45.0	314.0	--	--
Yemen	$5.0	--	13.0	--
Zaire	$20.0	100.0	--	--
Zambia	$10.0	37.0	--	--
SUBTOTAL ..	$719.9	3,642.0	224.0	76.0
Countries over $790 Per Capita GNP				
Costa Rica ..	$23.0	120.0	--	10.0
Dominican Rep	$30.0	72.0	32.0	--
Ecuador	$5.0	35.0	--	--
Guatemala ...	$14.0	92.0	--	--
Jamaica	$30.0	83.0	22.0	73.0
Peru	$20.0	100.0	--	--
Tunisia	$2.5	--	--	22.0
SUBTOTAL ..	$124.5	502.0	54.0	105.0
Total Allocated ...	$844.4	4,144.0	278.0	181.0
Unallocated Reserve	$43.9	--	--	--
Total Program	$888.3	--	--	--

1/ All or some portion in wheat equivalent of flour.
2/ $3.3 million has been designated for ocean freight financing.

**CCC Credit

U.S. WHEAT/FLOUR TRADE WITH SELECTED COUNTRIES
UNDER CCC GUARANTEE PROGRAMS 1/

	FY 1985		FY 1986		
	Guarantees Approved -$ Millions-	Est. Quantity Shipped --1,000 Tons--	Programs Announced -----$ Millions-----	Programs Approved	Estimated Quantity Purchased 2/ ----1,000 Tons----
Bangladesh ..	$42.1	280.7	--	--	--
Brazil	$272.5	1,816.7	$150.0	--	--
Chile	$59.5	396.7	$42.0	--	--
Colombia	$79.0	526.7	$100.0	$5.1	36.4
Ecuador	$32.6	217.3	$55.0	$39.3	280.7
Egypt	$77.6	464.0	$120.0 4/	--	--
Guatemala ...	$16.1	107.3	$3.5	$3.5	25.0
Haiti	$7.5	50.0	$7.5	$5.0	35.7
Iraq	$88.5	590.0	$130.0 4/	$98.1	689.1
Jamaica	$4.2	28.0	$7.5 4/	--	--
Jordan	$19.9	132.7	$54.0	--	--
Korea	$108.9	726.0	$120.0	$71.7	512.1
Morocco	--	--	$150.0	$89.4	638.6
Pakistan	$40.1	267.3	$45.0	--	--
Philippines .	$43.2	288.0	--	--	--
Portugal	$97.0	646.7 3/	$73.0	$15.6	111.4
Turkey	$10.1	67.3	$60.0	$59.2	422.9
Yemen	-- 5/	--	$40.0 4/	--	0.0
TOTAL.....	$998.8	6,605.4	$1,157.5	$386.9	2,751.9

1/ Includes GSM-102 as of April 4, 1986.
2/ Estimated quantity purchased with Approved Funds based on $140 per ton for wheat and $190 per ton for wheat flour.
3/ Wheat or feed grains.
4/ Wheat and wheat flour.

CORN and SORGHUM

LATEST U.S. EXPORT FORECAST, SHIPMENTS, AND SALES

Export Forecast: In mid-April, the 1985/86 (October-September) U.S. coarse grain export forecast was lowered 1.9 million tons to 44 million tons. A reduction in the U.S. corn export forecast, to 36.8 million tons, was responsible for all the decline. The apparent lack of demand for feed grains in Europe and the USSR continues to result in lagging U.S. corn sales. As of April 17, U.S. corn exports totaled 23.8 million tons, over 23 percent below exports for the corresponding period in 1984/85.

Shipments and Sales: Corn shipments during the 4-week period ending April 17 totaled 1.8 million tons, a 33-percent decrease from last month's shipments, while new sales of 1.1 million tons were 300,000 tons above last month's sales. Japan (282,000 tons) and Taiwan (254,000 tons) were the major corn buyers, and Japan, Taiwan, and Korea were the primary destinations for U.S. corn shipments. Sorghum shipments of 174,000 tons for the period were 27 percent below last month's shipments, while sales of 353,000 tons showed an 7-percent decrease from the previous month's sales. Mexico (185,000 tons) and Venezuela (156,000 tons) were the principal buyers, and Japan, Israel, and Venezuela were the major destinations for U.S. sorghum this month.

U.S. CORN and SORGHUM SHIPMENTS, SALES, and INSPECTIONS
(OCTOBER/SEPTEMBER—MILLION TONS)

Monthly SHIPMENTS	CORN		SORGHUM	
For Period Ending	84/85	85/86	84/85	85/86
Jan. 23	5.9	4.3	.9	.6
Feb. 20	3.7	3.5	.6	.3
Mar. 20	4.2	2.7	.7	.2
Apr. 17	4.1	1.8	.4	.2
Cumulative for MY.	32.0	23.8	4.6	2.5

Monthly SALES 1/	CORN		SORGHUM	
For Period Ending	84/85	85/86	84/85	85/86
Jan. 23	4.7	2.3	.9	.2
Feb. 20	2.9	1.6	.3	.4
Mar. 20	4.6	.8	.5	.4
Apr. 17	2.6	1.1	.4	.4
Cumulative for MY.	38.8	26.3	5.6	3.3

Weekly and Annual INSPECTION Rates	CORN		SORGHUM	
	MT	BU	MT	BU
Week Ending April 10	0.4	15.2	0.1	2.0
Week Ending April 17	0.3	10.5	0.1	2.2
Official Estimate for 1985/86 (Grain only)	38.3	1508	6.4	250
Implied Weekly Average	0.7	29.0	0.1	4.8
Weekly Average for Latest Six Weeks	0.4	17.1	.0	1.3
Marketing Year-to-Date Weekly Average	0.8	32.7	0.1	3.3
MY Year-to-Date Average Extrapolated Annually	43.3	1703	4.3	170
Weekly Average Required during Remainder of MY to Achieve Official Estimate ...	0.6	24.6	0.2	6.8

1/ Sales made since the beginning of the applicable marketing year, including sales for shipment in the next marketing year.

SOURCE: Shipments and sales data from U.S. Export Sales. Inspections data from the Federal Grain Inspection Service.

IMPORTER BUYING ACTIVITY

Buying activity remained relatively slow in the world market, with Taiwan and Korea making the bulk of the purchases. Despite large export availabilities of Argentine corn, the USSR purchased 200,000 tons of U.S. corn. This is the first Soviet purchase of U.S. corn since mid-January and brings total Soviet purchases of U.S. corn for 1985/86 (October-September) to about 6.4 million tons.

RECENT CORN and SORGHUM IMPORTER BUYING ACTIVITY
REPORTED between MARCH 27, 1986 and APRIL 24, 1986

Date of Purchase	Buyer	Origin	Quantity (tons)	Grade 1/	Price Range 2/ ($US per ton)	Delivery Period 3/
4/1	Taiwan	Australia	33,000	Sorghum	$104.45 C&F	May 1-15
	Taiwan	U.S.	228,000	YC	$118.80 C&F	May-June
4/3	Korea	China	35,000	Corn	$107.78 C&F	May-June
	Korea	Argentina	30,000	Corn	$109.95 C&F	April
	Korea	China	15,000	Sorghum	$98.75 C&F	June
4/11	Korea	U.S.	100,000	YC	$109.54 C&F	May-June
4/15	Korea	Argentina	30,000	Corn	?	May
4/16	Portugal	Argentina	35,000	Corn	?	June
	Greece	France	25,000	Corn	?	4/25-5/5
	Egypt	U.S.	123,900	#2 YC	$102.74	May-June
4/17	Jamaica	U.S.	5,300	YC	$99.40	5/15-6/15
	Greece	France	15,000	Corn	?	4/25-5/5
4/21	Taiwan	South Africa	200,000	Corn	$113.23 C&F	May-June
4/22	USSR	U.S.	200,000	Corn	?	May-June

1/ YC=#3 Yellow Corn unless otherwise stated, and YS=Yellow Sorghum
2/ FOB unless otherwise noted.
3/ FH denotes first half; LH, last half.

SOURCE: Unofficial market news reports.

U.S. MARKET OPPORTUNITIES

**Romania: There are indications that Romania may import over 500,000 tons corn during calendar year 1986. Competitively priced U.S. corn could gain a large share of this market opportunity. Romania is usually a net corn exporter, averaging about 1 million tons of exports during each of the last 3 years. However, due to current season crop problems, exports are expected to drop and imports jump dramatically to the highest level since 1.8 million tons were imported in 1980/81 (October-September). The United States traditionally has supplied the bulk of Romania's highly variable corn import requirements.

Romania Corn Supply and Demand
(October/September - 1,000 MT)

Year	Area	Production	Exports	Imports	Net Exports	Imports from U.S.
1980/81	3,288	11,153	770	1,848	-1,078	1,835
1981/82	3,327	11,892	1,200	400	800	371
1982/83	2,764	12,620	1,500	100	1,400	0
1983/84	2,935	11,982	1,000	100	900	0
1984/85	3,091	13,274	600	100	500	80
1985/86 1/	3,100	14,000	600	500	100	156 2/

1/ Forecast.
2/ Shipment through March.

SOURCE: USDA estimates based on official government statistics.

**German Democratic Republic: German Democratic Republic (GDR) import officials at the Leipzig Fair expressed great interest in the impact of recent U.S. farm legislation on world grain prices and indicated that lower prices may make U.S. corn more attractive to them in the future. Due to the quality and reliability of U.S. corn supplies, the GDR traditionally has imported the bulk of its 650,000-ton average annual corn import requirements from the United States. However, in recent years the GDR has begun to substitute Canadian barley, purchased using favorable credit terms, for corn in feed rations and to shift to lower-priced corn suppliers, including Argentina and China. The return of more competitive U.S. corn prices should improve the U.S. position in the GDR corn market.

German Democratic Republic Corn Imports
(October/September - 1,000 MT)

Origin	1981/82 (TMT)	1981/82 (%)	1982/83 (TMT)	1982/83 (%)	1983/84 (TMT)	1983/84 (%)	1984/85 (TMT)	1984/85 (%)
U.S.	1,541	(86)	864	(64)	508	(100)	468	(64)
Argentina	0	(0)	0	(0)	0	(0)	147	(20)
Others 1/	259	(14)	486	(36)	0	(0)	115	(16)
Total	1,800		1,350		508		730	

1/ Includes Zimbabwe, Yugoslavia, and China.

SOURCE: U.S. data from U.S. Export Sales. Other data from USDA estimates based on official government statistics.

DEVELOPMENTS AFFECTING U.S. EXPORTS

Other Exporting Countries' Selling Activities and Competitive Practices

**Argentina: Argentina's successful campaign to market its record 1985/86 (October-September) corn export availabilities, forecast at 9.5 million tons, continues to provide strong competition for U.S. corn exports, to traditional U.S. markets. Prompted by an apparent lack of Soviet corn purchases, Argentina is seeking nontraditional outlets and has now made unprecedented corn sales to Korea. To date, 135,000 tons of Argentine corn have been sold to Korea and additional sales are possible. The United States supplied virtually all of Korea's 3-million-ton import requirement prior to 1984. However, since 1984, corn from Thailand, China, and now Argentina, as well as feed wheat imports, have displaced over a third of the U.S. corn exported to Korea.

**South Africa: Following a two-year hiatus, South Africa's reemergence as a major corn exporter may mean greater competition for U.S. corn sales, particularly to the Far East. As expected, Taiwan recently purchased 200,000 tons of South African corn for May-June shipment at about US$113 c.& f. The Maize Board, however, reportedly offered Taiwan an additional 200,000 tons for August-September shipment, indicating that improved crop conditions in combination with the trend to lower domestic corn utilization may result in larger corn export availabilities. Prior to the drought years of 1984 and 1985, South Africa's corn exports averaged about 3.6 million tons per year. During 1985/86 (October-September), corn export availabilities, currently forecast at 900,000 tons, will allow South Africa to recapture a significant share of its traditional Far Eastern markets, including Japan and Taiwan.

**United Kingdom: The United Kingdom's (U.K.) first feed wheat sale to Korea provides yet another source of competition for U.S. corn exports. Sources indicate that the U.K. sold 50,000 tons of 1984/85 intervention feed wheat to Korea in mid-March for April shipment at US$106 per ton c.i.f. Korea has long been rumored as one possible outlet for the U.K.'s projected 6-million-ton wheat surplus, most of which is feed-quality. In addition to corn imports from non-U.S. suppliers, feed wheat imports from Canada, Australia, and now the U.K., could displace over a million tons of U.S. corn exports to Korea.

CORN and SORGHUM SHIPMENTS by MAJOR EXPORTING COUNTRIES
RECENT MONTHS and SEASON TOTALS for 1984/85-1985/86
(OCTOBER/SEPTEMBER--MILLION TONS)

	- SORGHUM -		CORN					
	ARGENTINA		ARGENTINA		THAILAND		--- TOTAL ---	
For Period Ending 1/	84/85	85/86	84/85	85/86	84/85	85/86	84/85	85/86
Jan. 24	.1	#	#	.1	.3	.3	.4	.4
Feb. 20	#	#	#	#	.2	.3	.2	.3
Mar. 20	.1	.1	.6	.4	.2	.4	.9	.9
Apr. 20	.5	.3	1.5	1.1	.2	.4	2.2	1.8
Cumulative Since October 1	1.1	.6	2.6	2.0	2.2	2.2	5.9	4.8
Total for Season 2/	3.4	2.2	7.1	9.5	3.0	3.5	13.5	15.2

1/ Or nearest date.
2/ Forecast for 1985/86.
- Less than 0.1, N/A - Data not available.

Competitive Developments in Selected Foreign Markets

**Philippines: The Philippines' new Minister of Agriculture and Food has announced a ban on the importation of corn. The ban effectively ends speculation regarding the possible resumption of corn imports as a means of easing domestic feed shortages. The announcement, however, leaves open the possibility of continued feed wheat imports as a substitute for the corn Philippine feed millers prefer. The United States traditionally has been the Philippines main corn supplier, exporting an annual average of 200,000 tons prior to the Philippines curtailment of corn imports in 1984.

**Korea: The entry of subsidized EC feed wheat into the Korea market has prompted a downward spiral in imported feed grain prices, leading to increased competition for U.S. feed grain exports to Korea. Since early March, feed wheat prices have fallen from US$110 per ton c.& f. to US$95 per ton, while corn prices have dropped from US$109 per ton c.& f. to US$102 per ton. Except for the purchase of some Thai corn last September, Korea's recent purchase of 50,000 tons of EC feed-quality wheat at US$95 per ton c.& f. represents the first time since 1972 that Korea has imported grain for feeding purposes priced below US$100 per ton. As a result of the current noncompetitive U.S. prices, the U.S. share of the Korea feed grain market has plummeted to 16 percent for the first 15 weeks of 1986, down from 36 percent last year and 99 percent in 1982.

Korea's traditional reliance on corn for the bulk of its imports began to shift in 1983, mainly due to the large supplies of weather-damaged Australian wheat which became available at or below the price of corn. From an insignificant role in total feed grain purchases in 1982, feed wheat has since captured over 20 percent of the Korean market.

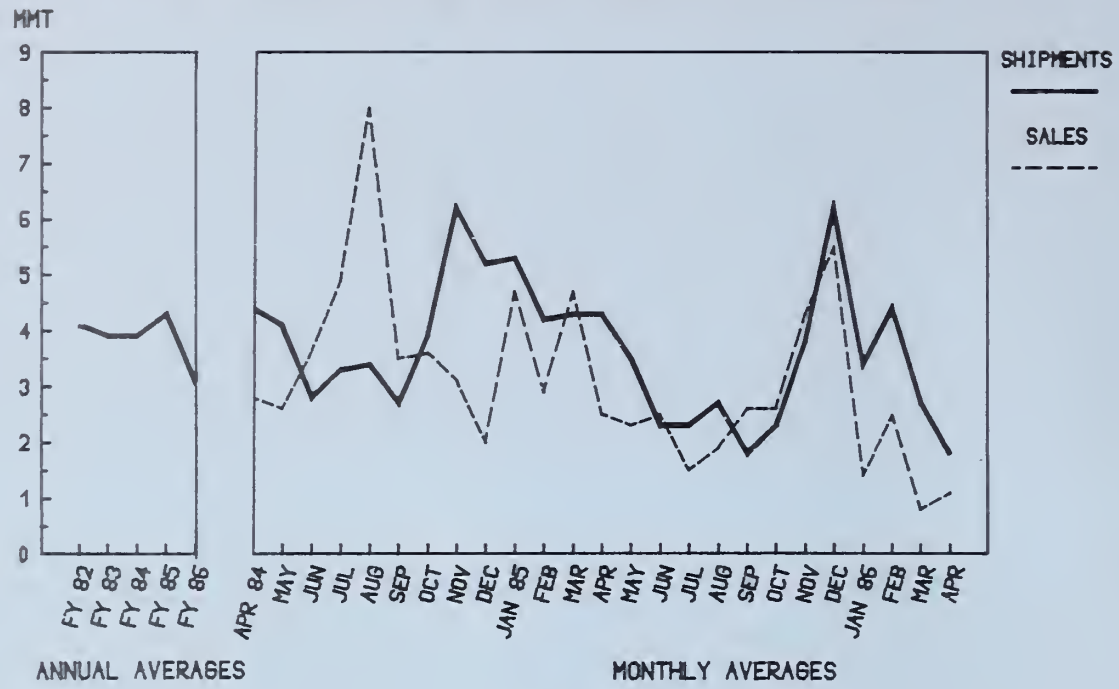
Korean Feed Wheat Imports
(Calendar Year - 1,000 MT)

Year	Total Feed Grain Imports	Total Feed Wheat Imports	Percent
1983	4,348	7	- 1/
1984	4,445	782	18%
1985	4,530	976	22%
1986 2/	1,571	355	23%

1/ Less than 1 percent.
2/ Purchases from January 1, 1986 through April 15, 1986.

SOURCE: Importer reported data.

U.S. CORN SHIPMENTS AND SALES
ANNUAL MONTHLY AVERAGES FOR FY 1982 - 1986(PROJ)
AND MONTHLY FROM APRIL 1984 - APRIL 1986



U.S. CORN and SORGHUM EXPORT COMMITMENTS to MAJOR DESTINATIONS
(OCTOBER/SEPTEMBER -- 1,000 TONS) 1/

Destination:	1982/83 Total Exports	1983/84 Total Exports	1984/85 Total Exports	1984/85 Committed as of 4/17/85	1985/86 Committed as of 4/17/86
-- CORN --					
EC-12	9,019	7,952	6,061	3,491	2,704
Other W. Europe	169	245	176	154	23
Eastern Europe	1,470	727	693	503	877
USSR	3,200	6,500	15,750	15,077	6,089
China	2,161	18	0	0	0
Japan	13,180	13,781	11,095	9,649	7,377
Taiwan	3,000	2,676	3,134	2,331	2,171
Rep. of Korea .	3,908	2,972	87	689	958
Egypt	1,516	1,303	1,352	947	1,241
Canada	750	283	316	145	20
Mexico	4,091	2,808	1,297	1,086	1,274
Venezuela	892	1,140	638	447	0
Others	3,938	6,992	5,361	4,216	2,971
TOTAL	47,294	47,397	45,960	38,735	25,703
-- SORGHUM --					
Spain	105	465	45	45	0
Other W. Europe (excl. Spain)	251	136	79	57	38
Japan	741	1,505	2,726	2,453	2,148
Israel	341	574	587	460	307
Mexico	3,260	2,758	1,958	1,642	235
Venezuela	243	206	1,093	433	373
Others	462	582	508	507	187
TOTAL	5,403	6,226	6,996	5,596	3,288

1/ Accumulated shipments and sales, excluding sales for next marketing year.

SOURCE: U.S. Bureau of Census and U.S. Export Sales.

Internal Price Policies of Foreign Countries

**European Community: An EC proposal to maintain the threshold price of corn at its maximum level during peak corn-importing months could lead to a further decline in U.S. corn exports to the EC. The new proposal involves setting the threshold price for corn at its maximum level for 5 months (May-September) rather than the current 2-month period (June-July). By freezing the threshold price at its peak, the variable levy for corn, which is the difference between the world price and the threshold price, would be maintained at a high level for a longer period of time. The result would be an additional increase in the cost of imported corn. The EC's high variable import levy on corn has served to stimulate French corn production and to provide incentives for the substitution of wheat and less-expensive non-grain feed ingredients for corn in starch production and feed rations. Consequently, in the past 5 years, EC corn imports have declined over 50 percent to about 3 million tons. The United States, which traditionally had supplied most of the EC's corn requirements, currently supplies about a third of the market.

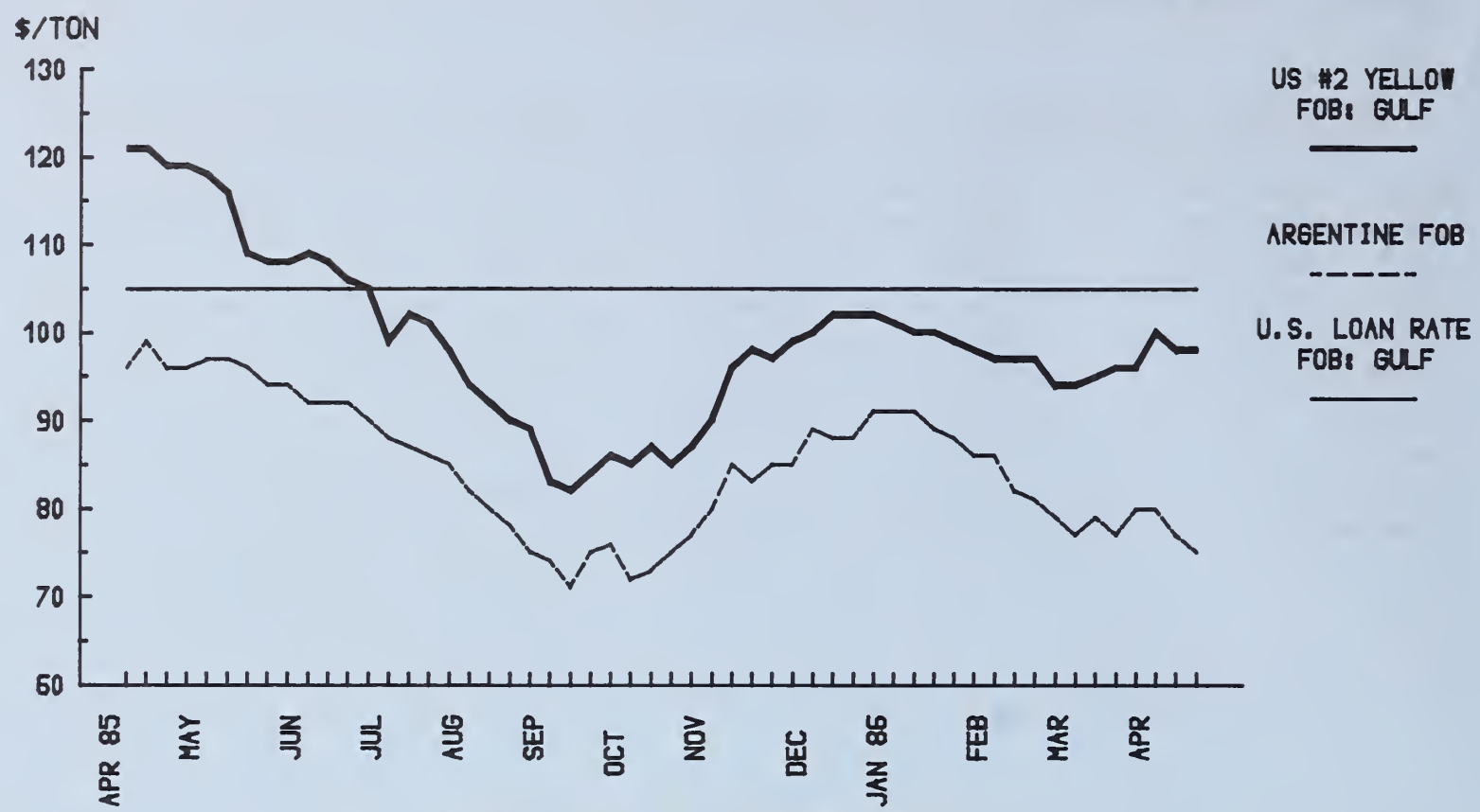
Other Developments Affecting U.S. Exports

**Thailand: The European Commission's recent recommendation that the EC renew its cooperative agreement with Thailand on manioc imports may provide increased opportunities for U.S. feed grain exports. The new 4-year agreement, which is scheduled to begin in 1987, calls for an increase in the total quantity of Thai manioc to be imported from 18.9 million tons to 21 million tons, with not more than 5.5 million tons of trade in any one year.

Manioc, a starchy root crop, is Thailand's second largest foreign exchange earner next to rice. In the early 1980's, strong EC import demand for non-grain feed ingredients stimulated Thai manioc production. However, the subsequent implementation of manioc import quotas resulted in a sharp drop in EC imports of Thai manioc from a peak of over 8 million tons in 1982 to about 5 million tons during each of the past 3 years. The quotas left Thailand with excess manioc export availabilities and prompted an aggressive Thai campaign for new export markets, including Taiwan, Korea, Japan, and the Soviet Union.

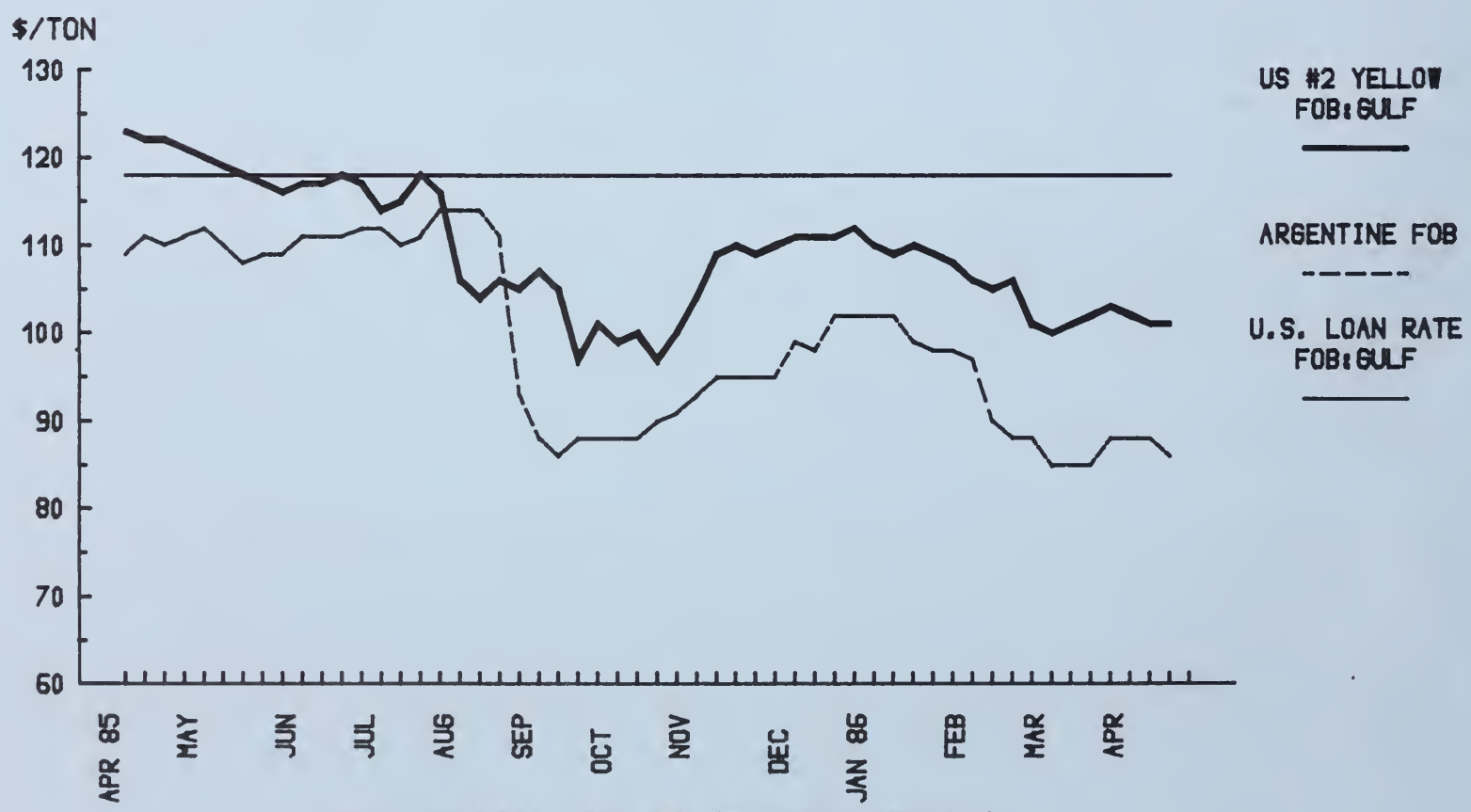
Lower manioc prices, resulting from the excess supplies, enhanced the attractiveness of manioc as a substitute in feed rations and resulted in the displacement of feed grain exports, particularly U.S. corn. The recent increase in the EC's manioc import quota should relieve some pressure on Thailand to export manioc in competition with lower-priced feed grains, even if this year's production were to rebound to the 1983/84 record level of around 21 million tons.

SORGHUM EXPORT PRICES
U.S. AND ARGENTINE



APRIL 85 THRU APRIL 86 (MID-WEEK PRICES)

CORN EXPORT PRICES
U.S. AND ARGENTINE



APRIL 85 THRU APRIL 86 (MID-WEEK PRICES)

EXPORT PROMOTION ACTIVITIES

**Spain and Portugal: A group of corn processors from Spain and Portugal, sponsored by the U.S. Feed Grains Council, recently toured the U.S. corn belt to become familiar with new varieties of U.S. hard endosperm corn. The group expressed a keen interest in purchasing the U.S. corn but felt that the EC's recently implemented variable import levy was a major impediment to trade, especially since comparable quality corn is not available from other EC countries. The corn processors indicated that they intend to actively campaign to have the European Commission grant a separate, lower levy on industrial corn imports. In recent years, Spain and Portugal together have imported an average of about 800,000 tons of corn annually for industrial purposes, with most of their hard endosperm corn imports coming from Argentina.

SUPPORTING DATA:

	-----U.S. LOAN (SUPPORT) RATE------			U.S. SEASON AVERAGE PRICE		THAI PRICE - U.S. FARM EQUIVALENT 1/	ENDING CCC STOCKS (MILLLED)	
		MARKETING LOAN (4/15/86)						
CROP YEAR 2/	LONG GRAIN	LONG GRAIN	MEDIUM GRAIN	LONG GRAIN	MEDIUM GRAIN	LONG GRAIN	LONG GRAIN	MEDIUM GRAIN
	----------$/CWT ROUGH----------						----------MMT----------	
76/77	6.59		5.75	8.70	8.00	6.54		
77/78	6.67		5.83	9.70	8.70	9.05	162	268
78/79	6.86		6.02	10.20	9.14	8.11	137	227
79/80	7.35		6.37	10.90	10.60	10.93	27	59
80/81	7.66		6.68	12.50	13.30	12.43	0	0
81/82	8.71		7.73	9.70	8.06	7.09	96	543
82/83	8.86		7.74	8.74	7.09	6.54	231	732
83/84	9.12		7.58	9.54	7.31	5.75	233	800
84/85	9.12		6.80	8.67	6.66	4.74	1257	576
85/86	8.86	4.12	6.80	8.50	7.50	4.12 3/	2268 4/	635 4/
86/87	7.54							

1/ Reported Thai C&F Rotterdam price adjusted to U.S. farm gate (rough basis) using $3.75/CWT milling, transportation and export costs with a 56 percent milling conversion rate.
2/ Thai prices on calendar year basis.
3/ Calculated based on first quarter 1986 prices.
4/ Forecast.

BARLEY, OATS, and RYE

U.S. Exports
(June/May--1,000 tons)

Grain	1983/84	1984/85 1/	1985/86 2/
Barley	1,991	1,676	544
Oats	39	15	30
Rye	25	10	10

1/ Estimated. 2/ Projected.

DEVELOPMENTS AFFECTING U.S. EXPORTS

Other Exporting Countries' Selling Activity and Competitive Practices

**Canada: Canada's barley exports for 1985/86 (October-September) through February are down sharply from the same period last year due to a lack of import demand by the USSR, Japan, and the GDR. Expectations that world grain prices will fall over the next few months is one possible reason for declining barley demand in these traditional Canadian markets.

Record GDR barley production in 1985 and prospects for a near-record crop in 1986 have also reduced the GDR's 1985/86 barley import requirements. As a result, it appears unlikely the GDR fulfilled its agreement to purchase 950,000 MT of Canadian barley during calendar year 1985 and there is growing speculation that the agreement will not be renewed for 1986.

Lower oil revenues is a possible explanation for sharply lower Soviet grain imports in 1985/86. Mild winter weather and larger stocks of feed grains also may be contributing to a total lack of Soviet imports of Canadian barley thus far in 1985/86.

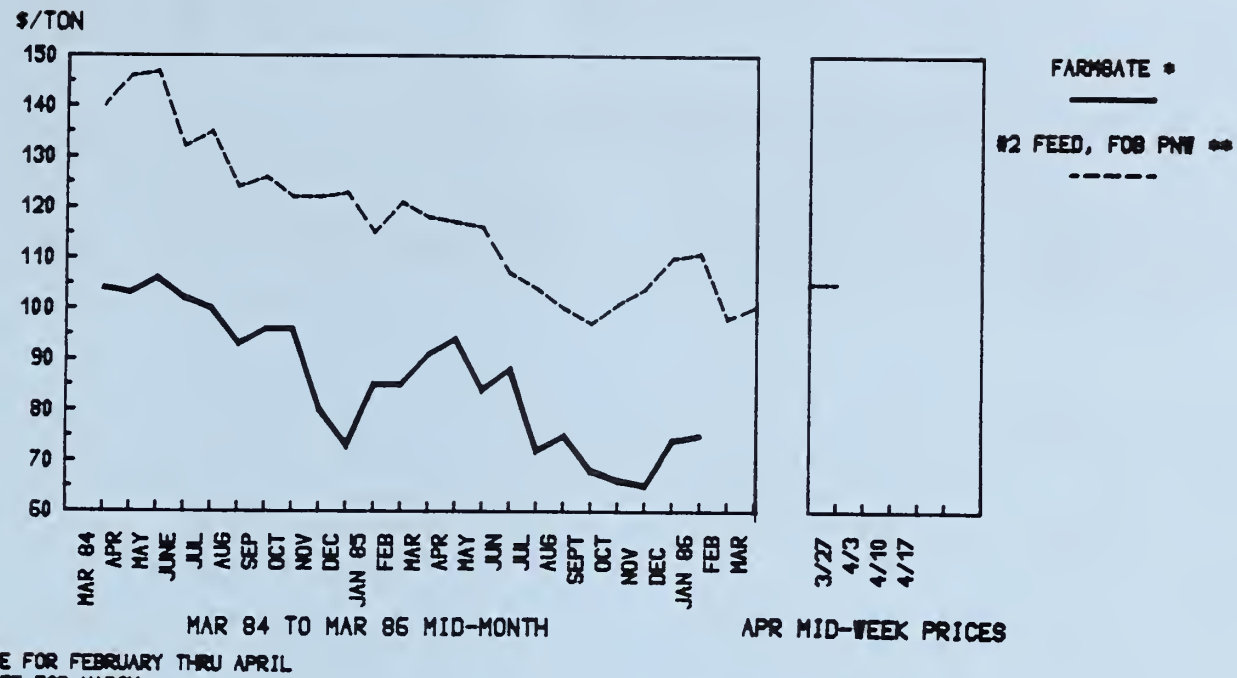
The Canadian Wheat Board's recent 27-percent reduction in 1986/87 initial payments for barley to C$80 per ton (about US$58) and the drop in Canadian barley exports are expected to affect Canadian barley plantings. A continued decline in demand for Canadian barley could provide export opportunities for competitively-priced U.S. corn as an attractive substitute for barley in feed rations.

Canadian Barley Exports
(October-September - 1,000 MT)

				Shipments October through February	
Destination	1982/83	1983/84	1984/85	1984/85	1985/86
USSR	1,370	275	400	300	0
GDR	865	1,135	595	310	105
Japan	1,050	580	880	375	225
Others ...	2,785	2,250	580	354	844
Total	6,070	4,240	2,455	1,339	1,174

SOURCE: Exporter reported data.

U.S. FEED BARLEY PRICES
INTERIOR AND EXPORT POSITIONS



* NO QUOTE FOR FEBRUARY THRU APRIL
** NO QUOTE FOR MARCH

U.S. BARLEY EXPORT COMMITMENTS to MAJOR DESTINATIONS
(OCTOBER/SEPTEMBER -- 1,000 TONS) 1/

Destination	1982/83 Total Exports	1983/84 Total Exports	1984/85 Total Exports	1984/85 Committed as of 4/18/85	1985/86 Committed as of 4/17/86
EC-12	246	360	105	105	—
Other W. Europe	92	441	353	354	—
Eastern Europe	—	126	—	—	60
Taiwan	146	223	259	259	74
Japan	119	372	314	314	141
Others	317	509	514	493	85
TOTAL.....	920	2,031	1,545	1,523	360

1/ Accumulated shipments and sales, excluding sales for next marketing year.

SOURCE: U.S. Bureau of Census and U.S. Export Sales.

BARLEY SHIPMENTS by MAJOR EXPORTING COUNTRIES
RECENT MONTHS and SEASON TOTALS for 1984/85-1985/86
(OCTOBER/SEPTEMBER--MILLION TONS)

For Period Ending 1/	AUSTRALIA 84/85	AUSTRALIA 85/86	CANADA 84/85	CANADA 85/86	FRANCE 2/ 84/85	FRANCE 2/ 85/86	U.K. 2/ 84/85	U.K. 2/ 85/86	TOTAL 84/85	TOTAL 85/86
Jan. 24	.7	1.4	.3	.2	.1	.1	.2	.1	1.3	1.8
Feb. 20	.7	1.0	.1	.3	.2	.1	.2	.2	1.2	1.6
Mar. 20	1.0	.7	.2	.4	.2	.1	.2	.2	1.6	1.4
Apr. 20	.7	NA	.2	.4	.2	NA	.2	NA	1.3	NA
Cumulative Since October 1	3.6	4.1	1.7	1.7	1.3	1.0	1.5	1.1	8.1	NA
Total for Season 3/	5.6	4.5	2.5	3.5	2.1	2.0	2.3	2.0	12.5	12.0

1/ Or nearest date.
2/ Excludes intra-EC trade.
3/ Forecast for 1985/86.
\# - Less than 0.1, N/A - Data not available.

RICE

LATEST U.S. EXPORT FORECAST, SHIPMENT AND SALES 1/

Export Forecast: The forecast for the 1985/86 marketing year remains at 1.85 million tons.

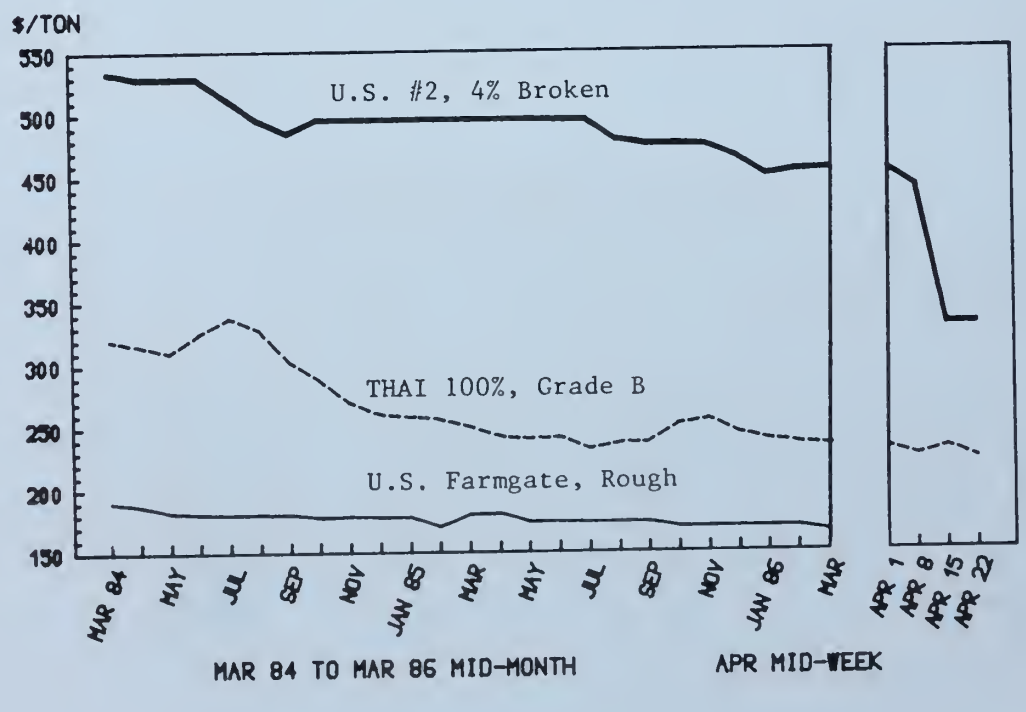
Shipment and Sales: U.S. rice exports during the 4-week period ending April 17 totaled 57,900 tons, down sharply from the previous 4-week total of 96,900 tons. Major destinations included Belgium, Guinea, and Saudi Arabia. Cumulative shipments for the 1985/86 marketing year through April 17 totaled 1,117,600 tons, or about 20 percent below the level of shipments for the same period 1 year ago. During the 4-week period ending April 17, registrations of new export sales for delivery in the current marketing year were 66,700 tons, up substantially from the previous 4-week total of 27,900 tons. Export commitments for 1985/86 delivery now total 1,238,300 tons, or approximately 24 percent below the 1,625,200 tons registered as of this date last year.

1/ Shipments and sales are on a product basis.

Weekly U.S. Rice Exports
(Metric Tons)

Week Ending	Actual	4-Week Moving Avg.
Mar 27	23,300	26,200
Apr 3	18,700	22,925
Apr 10	7,100	17,150
Apr 17	8,800	14,475

RICE PRICES
US AND THAI (C&F ROTTERDAM) AND US FARM



IMPORTER BUYING ACTIVITY

Buying activity has remained slow during the past month, as buyers waited for the USDA World Price announcement. During the final week of the past 4-week period, Iraq purchased 90,000 tons of rice from the United States. Another active buyer in the past month was Senegal, which bought 30,000 tons of A-1 Special from Thailand.

RECENT RICE IMPORTER BUYING ACTIVITY
REPORTED BETWEEN MARCH 26, AND APRIL 23, 1986

Buyer	Origin	Quantity 1,000 Tons	Quality 1/	Price $/MT 2/	Delivery Period	Date of Report
Algeria	Thailand	10.0	15%	165 MT	Apr-Jun	4-8
Angola	Thailand	7.0	35%	180 C&F	May-Jun	4-14
China	Thailand	10.0	G1-10%	NA	Apr	4-22
Indonesia	Thailand	51.0	G1-10%	179.50	Apr	4-8
Iraq	U.S.	90.0	2/4	242	N/A	4-21
Jordan	Thailand	5.5	35%	139.50	Apr	3-31
Netherlands	Thailand	2.5	P100-sorted	185	Apr	3-31
NA/Nigeria?	Thailand	10.0	P5%	128	NA	4-22
Senegal	Thailand	30.0	A1-spec	99.50	Apr	4-14
Tanzania	Thailand	10.0	15%	169.90 C&F	NA	4-22
Zaire	Thailand	6.3	25%	146	Apr	4-14
N/A	Pakistan	15.75	Sind 40/45	138.25	Apr-Jun	4-18
N/A	Pakistan	10.0	Sind 15/20	149.10	Apr-Jun	4-18
N/A	Pakistan	5.0	Punjab 30/35	138.50	Apr-Jun	4-18

1/ P = Parboiled, LG = Long Grain, MG = Medium Grain, SG = Short Grain, Br = Brown, F = Fragrant, L/Bld = Long, Boiled, F/Bld = Full Boiled, Gl = Glutinous, S = Super, Spec = Special

2/ F.O.B. basis unless otherwise indicated. Price information is in many cases unconfirmed and as reported through unofficial market sources.

DEVELOPMENTS AFFECTING U.S. EXPORTS

The Thai Board of Trade has held posted prices steady since April 10, after dropping most grades by $10 per ton earlier in the month. Actual export prices of 100 percent B and parboiled 5 percent fell to about $176 and $130 per ton, respectively. Last year at this time, 100 percent B was selling at $197 per ton, while parboiled 5 percent was available at $187 per ton. A-1 Special broken rice is slightly weaker at $97 per ton, compared with the government regulated minimum price of $160 per ton at this time last year.

On the Rotterdam market, U.S. #2/4 percent long grain has dropped to $335 per ton c.& f. (reflecting the new price levels resulting from the World Price announcement), while Thai 100 percent B (bulk) is lower at $222 per ton c.& f. in light trading.

**Thailand: Thai exports decreased during the past 4 weeks to 480,444 tons, down from the 537,294-ton level of the previously reported 4-week period. A record 641,000 tons was exported during the month of March. Calendar year exports through April 12 totaled 1,471,000 tons, 7 percent greater than the 1,361,000 tons exported in same period last year.

Weekly Thai Rice Exports
(Metric Tons)

Week Ending	Actual	4-Week Moving Avg.
Mar 22	139,503	142,556
Mar 29	136,595	147,220
Apr 5	112,775	134,942
Apr 12	91,571	120,111

Apparent export commitments for calendar year 1986 as of April 16 are estimated at 1,764,482 tons (as-is basis), compared with 2,234,252 tons registered at the same time last year, a fall of 21 percent.

The Thai export market appears to be settling after the initial reaction to the U.S. Marketing Loan announcement of April 11. The focus of the government and private exporters is now turning toward a greater emphasis on foreign market development as a method of increasing exports. The government and producers are also looking for a way to bolster sagging paddy prices.

Reportedly, the governments of Thailand and Iran signed a memorandum of understanding (in January) whereby Iran would buy 200,000 tons of Thai rice in exchange for the purchase of Iranian oil.

**Burma: The Myanma Export Import Corporation (MEIC) reportedly exported 130,000 tons of rice during March. This brings the export total to almost 213,000 tons for the first quarter of 1986, compared with only 82,000 tons for the same period 1 year ago. The largest export destinations in March were Brazil (21,000 tons) and Vietnam (61,500 tons). Burma exported about 450,000 tons of rice in CY 1985, and is currently forecast to export 500,000 tons in CY 1986.

**Taiwan: After near dormant rice export activity in 1985, Taiwan appears to have actively reentered the export market this year. The Provincial Food Bureau reportedly lowered export prices for rice, resulting in the sale of 60,000 tons of Tsai Lai (long grain). Up to 100,000 tons of Ponlai (short grain) rice may also have been sold. A reported 125,000 tons of rice was exported in the first quarter of 1986, compared with less than 30,000 tons in all of 1985. Under a memorandum of understanding signed with the United States in 1984, Taiwan is limited to exporting 305,000 tons of rice in CY 1986.

**Brazil: Officials at the Production Finance Company (CFP) of the Ministry of Agriculture announced a suspension of rice imports due to indications this year's rice crop may be higher than originally estimated. Brazil has not been active in the market in over a month, partly due to a currency reform action by the government. Brazil has purchased at least 270,000 tons of rice so far in CY 1986, with total import commitments estimated at 400,000 tons. USDA currently estimates the 1986 crop at 8.8 million tons, and CY 1986 imports at 800,000 tons.

**Pakistan: The Rice Export Corporation of Pakistan reported exports of 119,807 tons in March. Total exports for the first quarter of 1986 were 295,574 tons, with the largest export destinations being Togo, Peru, and Brazil.

**Sri Lanka: The Government Food Secretary reported Sri Lanka plans to purchase 250,000 tons of rice from Pakistan and China for use as buffer stocks. The reason given for the purchases was the social turmoil affecting the crop harvest and transport, rather than a production shortfall. This is a significantly larger quantity than the country was expected to import this year, as USDA currently estimates CY 1986 imports at 150,000 tons (of which 45,000 tons has already been shipped).

EXPORT PROMOTION ACTIVITIES

**GSM-102: Credit Guarantees of $148.1 million remain for Iraq and $8.9 million for Jamaica. Credit lines for other eligible countries remain at allocated levels: Brazil $50.0 million and Portugal $19.0 million.

**PL-480: Over the past month a fiscal year 1986 PL-480 agreement was signed with Bangladesh, Guinea, Jamaica, Madagascar, Senegal, Somalia, and Yemen Arab Republic. See table below for details of the agreements.

STATUS OF FY 86 TITLE I/III OBLIGATIONS
AS OF 4/18/86
(1,000 MT, $MILLION)

COUNTRY DATES	AGREEMENTS QTY	AGREEMENTS VALUE	PA'S ISSUED QTY	PA'S ISSUED VALUE	SALES QTY	SALES VALUE	TYPE & PRICE $/MT
BANGLADESH	35.0	10.0					
GUINEA	20.0	6.0	20.0	6.0	10.0	3.1	LG 296-308
JAMAICA	22.0	6.0	22.0	6.0	11.6	3.5	B LG 296-305
MADAGASCAR	13.8	4.0					
MOZAMBIQUE	10.0	2.9	10	2.9			
SENEGAL	18.3	5.5	18.3	5.5	22.4	5.5	16.8 MT MG 240-252 5.6 MT LG 245-249
SOMALIA	17.0	4.4					
YEMEN (YAR)	13.0	5.0					

U.S. RICE EXPORT COMMITMENTS BY CLASS TO MAJOR DESTINATIONS
FOR 1982/83-1984/85, AND AUGUST 1 THROUGH APRIL 17 FOR 1985/86
(AUGUST/JULY - 1,000 MT)

Destination	Marketing Year	Long Grain Milled	Long Grain Brown 2/	Other 1/ Milled	Other 1/ Brown	Total Exports
EC-10	1982/83	1	214	15	--	230
	1983/84	29	192	2	70	293
	1984/85	10	209	7	98	331
	1985/86	*	144	1	--	145
Other W. Europe	1982/83	33	54	3	4	94
	1983/84	23	35	3	138	199
	1984/85	26	31	4	63	125
	1985/86	18	19	1	--	38
Iraq	1982/83	327	--	*	--	327
	1983/84	230	--	2	--	232
	1984/85	429	15	1	--	445
	1985/86	365	--	--	--	365
Saudi Arabia	1982/83	267	--	2	--	269
	1983/84	253	--	6	--	259
	1984/85	239	--	6	--	245
	1985/86	104	--	*	--	104
Other Middle East	1982/83	48	--	2	--	50
	1983/84	40	--	12	--	52
	1984/85	41	--	4	--	45
	1985/86	7	--	3	--	10
Republic of Korea	1982/83	--	--	*	213	213
	1983/84	--	--	*	112	112
	1984/85	--	--	--	--	--
	1985/86	--	--	--	--	--
Other Asia & Oceania	1982/83	2	--	129	--	131
	1983/84	3	--	140	--	143
	1984/85	3	--	99	--	102
	1985/86	1	--	8	152	161
Nigeria	1982/83	159	--	--	--	159
	1983/84	63	--	--	--	63
	1984/85	*	--	--	--	--
	1985/86	--	--	--	--	--
Other Africa	1982/83	148	110	153	4	415
	1983/84	95	150	136	--	381
	1984/85	98	79	288	11	476
	1985/86	91	51	97	10	249
Western Hemisphere	1982/83	137	23	86	38	284
	1983/84	156	24	109	14	303
	1984/85	137	48	13	19	217
	1985/86	73	70	8	13	164
Total 3/	1982/83	1,148	400	392	259	2,199
	1983/84	900	401	408	338	2,047
	1984/85	985	389	422	190	1,986
	1985/86	660	284	119	175	1,238

* Less than 500 tons.
1/ Includes short, medium, and mixed.
2/ Data not converted to a milled equivalency, and includes rough rice.
3/ Discrepancies due to rounding and changes to unknown destinations.

SOURCE: U.S. Export Sales Report

U.S. Rice
Supply/Distribution
1960/61 - 1985/86 (August-July)

	Area Harvested	Yield	Rough Production	Beginning Stocks	Milled Production	Imports	Exports	Domestic Utilization
	1/ 1000 HA	MT/HA	1000 MT	(----------Thousand Metric Tons Milled Basis----------)				
1960/61	645	3.84	2,477	395	1,756	9	919	911
1961/62	643	3.82	2,459	330	1,763	13	936	997
1962/63	718	4.17	2,996	173	2,133	1	1,119	937
1963/64	717	4.45	3,188	251	2,295	1	1,385	917
1964/65	723	4.59	3,318	245	2,386	15	1,387	1,008
1965/66	725	4.77	3,460	251	2,497	22	1,418	1,081
1966/67	796	4.84	3,856	271	2,805	---	1,719	1,079
1967/68	797	5.09	4,054	278	2,950	---	1,816	1,190
1968/69	952	4.96	4,723	222	3,459	---	1,729	1,420
1969/70	861	4.84	4,169	532	3,003	7	1,781	1,220
1970/71	734	5.18	3,801	536	2,796	48	1,461	1,308
1971/72	736	5.28	3,890	611	2,838	36	1,804	1,309
1972/73	736	5.26	3,875	372	2,828	17	1,726	1,324
1973/74	878	4.79	4,208	167	3,034	7	1,604	1,349
1974/75	1,024	4.97	5,098	255	3,667	---	2,194	1,496
1975/76	1,140	5.23	5,824	232	4,099	---	1,732	1,394
1976/77	1,004	5.23	5,244	1,205	3,781	3	2,097	1,618
1977/78	910	4.94	4,500	1,274	3,120	3	2,270	1,248
1978/79	1,202	5.01	6,039	879	4,271	3	2,431	1,708
1979/80	1,161	5.16	5,986	1,014	4,324	3	2,706	1,794
1980/81	1,340	4.95	6,629	841	4,838	7	3,028	2,113
1981/82	1,535	5.40	8,289	545	5,974	13	2,683	2,247
1982/83	1,320	5.28	6,969	1,602	4,948	21	2,219	2,049
1983/84	878	5.15	4,523	2,303	3,216	27	2,272	1,761
1984/85	1,134	5.55	6,296	1,513	4,382	50	1,961	1,886
1985/86 2/	1,013	6.09	6,170	2,098	4,381	60	1,850	1,873
				2,816				
	Million Acres	CWT/Ac.	(----------Million Hundredweight Rough Basis----------)					
1975/76	2.8	45.58	128.4	7.1		---	56.5	42.1
1976/77	2.5	46.63	115.6	36.9		0.1	65.6	46.5
1977/78	2.2	44.12	99.2	40.5		0.1	72.8	39.6
1978/79	3.0	44.84	133.2	27.4		0.1	75.7	53.4
1979/80	2.9	45.99	131.9	31.6		0.1	82.6	55.3
1980/81	3.3	44.13	146.2	25.7		0.2	91.4	64.2
1981/82	3.8	48.19	182.7	16.5		0.4	82.0	68.6
1982/83	3.3	47.10	153.6	49.0		0.7	68.9	62.9
1983/84	2.2	45.98	99.7	71.5		0.7	70.3	54.7
1984/85	2.8	49.54	138.8	46.9		1.5	62.1	60.4
1985/86 2/	2.5	54.37	136.0	64.7		2.0	57.0	60.0
				85.7				

1/ The statistical discrepancy in the Supply/Use Report is included in Domestic Utilization in the Milled Basis Section of the Table as well as in consumption reported on a hundred weight rough basis.
2/ Projected

Source: "Agricultural Supply Demand Estimate" Report, USDA/WFB, April 10, 1986.

U.S. WHEAT, CORN, SORGHUM, BARLEY, OATS, and RYE SUPPLY and DISTRIBUTION
FOR APPROPRIATE COMMODITY MARKETING YEAR
(MILLION BUSHELS, MILLION ACRES) 1/

WHEAT:	Beginning Stocks	Area Harvested	Yield (Bu/Acre)	Production	Imports	Exports	Feed Use	Total Domestic Use
1976/77	666	70.9	30.3	2,149	3	950	75	755
1977/78	1,113	66.7	30.7	2,046	2	1,124	192	859
1978/79	1,178	56.5	31.4	1,776	2	1,194	158	837
1979/80	924	62.5	34.2	2,134	2	1,375	86	783
1980/81	902	71.1	33.5	2,381	3	1,514	60	783
1981/82	989	80.6	34.5	2,785	3	1,771	135	847
1982/83	1,159	77.9	35.5	2,765	8	1,509	195	908
1983/84	1,515	61.4	39.4	2,420	4	1,429	369	1,111
1984/85	1,399	66.9	38.8	2,595	8	1,424	411	1,153
1985/86	1,425	64.7	37.5	2,425	14	900	325	1,075
1986/87	1,887							
CORN:								
1976/77	400	71.5	88.0	6,289	3	1,684	3,609	4,122
1977/78	886	70.6	92.1	6,505	3	1,948	3,744	4,334
1978/79	1,111	71.9	101.0	7,268	1	2,133	4,323	4,943
1979/80	1,304	72.4	109.5	7,928	1	2,433	4,508	5,183
1980/81	1,617	73.0	91.0	6,639	1	2,355	4,133	4,868
1981/82	1,034	74.6	108.9	8,119	1	1,967	4,201	5,013
1982/83	2,174	72.7	113.2	8,235	1	1,870	4,522	5,420
1983/84	3,120	51.5	81.1	4,175	2	1,865	3,736	4,709
1984/85	723	71.9	106.7	7,674	3	1,838	4,117	5,182
1985/86	1,381	75.1	118.0	8,865	2	1,450	4,100	5,230
1986/87	3,568							
SORGHUM:								
1976/77	51	14.5	49.0	711	0	246	419	425
1977/78	91	13.8	56.6	781	0	213	456	468
1978/79	191	13.4	54.5	731	0	207	544	555
1979/80	160	12.9	62.6	807	0	325	483	496
1980/81	146	12.5	46.3	579	0	299	306	317
1981/82	109	13.7	64.0	876	0	249	429	440
1982/83	296	14.1	59.1	835	0	214	507	517
1983/84	400	10.0	48.7	488	0	246	381	391
1984/85	251	15.3	56.4	866	0	299	526	547
1985/86	271	16.7	66.7	1,113	0	250	575	595
1986/87	539							
BARLEY:								
1976/77	128	8.4	45.6	383	11	66	172	330
1977/78	126	9.7	44.0	428	9	57	177	333
1978/79	173	9.2	49.2	455	10	26	217	384
1979/80	228	7.5	50.9	383	12	55	204	376
1980/81	192	7.3	49.7	361	10	77	174	349
1981/82	137	9.0	52.4	474	10	100	198	372
1982/83	148	9.0	57.2	516	11	47	241	411
1983/84	217	9.7	52.3	509	7	92	283	452
1984/85	189	11.2	53.4	599	10	77	304	474
1985/86	247	11.5	51.0	589	7	25	300	470
1986/87	349							
OATS:								
1976/77	205	11.8	45.9	540	2	10	490	573
1977/78	164	13.5	55.6	753	2	12	509	594
1978/79	313	11.1	52.3	582	1	13	525	603
1979/80	280	9.7	54.4	527	1	4	492	568
1980/81	236	8.7	53.0	459	1	13	432	506
1981/82	177	9.4	54.2	510	2	7	454	530
1982/83	152	10.3	57.8	593	4	3	441	526
1983/84	220	9.1	52.6	477	30	2	466	544
1984/85	181	8.2	58.0	474	34	1	433	508
1985/86	180	8.2	63.6	519	25	2	475	555
1986/87	167							
RYE:								
1976/77	4	0.7	21.4	15	0	0	5	15
1977/78	4	0.7	24.4	17	0	0	7	17
1978/79	4	0.9	26.0	24	0	0	8	19
1979/80	9	0.9	25.7	22	0	2	7	17
1980/81	12	0.7	24.6	16	0	8	7	16
1981/82	4	0.7	26.6	18	0	2	8	18
1982/83	3	0.7	28.9	20	3	0	10	20
1983/84	6	0.9	30.3	27	2	1	12	22
1984/85	11	1.0	33.0	32	1	1	14	24
1985/86	20	0.7	30.0	21	2	1	13	23
1986/87	18							

1/ Commodity Marketing Years as follows: Wheat, Barley, Oats, and Rye - June/May, Corn and Sorghum - October/September.

SOURCE: World Agricultural Supply and Demand Estimates, No. 192 - April 10, 1986.

QUANTITY and VALUE of U.S. GRAIN and FEED COMMODITY EXPORTS
IN FISCAL YEAR 1985 with COMPARISON to the PRECEDING YEAR

COMMODITY	FEBRUARY FY 85	FEBRUARY FY 86	CUMULATIVE OCT THRU FEB FY 85	CUMULATIVE OCT THRU FEB FY 86	ACTUAL EXPORTS FY 85	PROJECTED EXPORTS FY 86
WHEAT (grain only)						
Quantity (1000 tons).....	2,327	1,928	15,198	10,081	28,524	28,000
Value Per Ton (dollars).....	$153	$136	$152	$138	$149	$128
Value (in million dollars)....	$356	$263	$2,317	$1,389	$4,263	$3,584
CORN (grain only)						
Quantity (1000 tons).....	4,198	3,026	24,786	20,162	46,276	36,400
Value Per Ton (dollars).....	$125	$113	$127	$108	$125	$110
Value (in million dollars)....	$525	$343	$3,139	$2,181	$5,771	$4,004
SORGHUM (grain only)						
Quantity (1000 tons).....	824	353	3,700	2,128	7,549	6,350
Value Per Ton (dollars).....	$118	$102	$114	$94	$115	$98
Value (in million dollars)....	$97	$36	$423	$201	$868	$622
BARLEY, OATS, AND RYE (grain only)						
Quantity (1000 tons).....	94	2	857	174	1,202	800
Value Per Ton (dollars).....	$138	-	$131	$103	$122	$105
Value (in million dollars)....	$13	-	$112	$18	$147	$84
TOTAL COARSE GRAINS (grain only)						
Quantity (1000 tons).....	5,116	3,381	29,163	22,464	55,027	43,550
Value Per Ton (dollars).....	$124	$112	$126	$107	$123	$108
Value (in million dollars)....	$635	$379	$3,674	$2,400	$6,786	$4,710
RICE (grain only)						
Quantity (1000 tons).....	134	82	724	676	1,908	1,800
Value Per Ton (dollars).....	$396	$415	$378	$376	$354	$350
Value (in million dollars)....	$53	$34	$274	$254	$676	$630
PULSES						
Quantity (1000 tons).....	30	47	218	238	425	425
Value Per Ton (dollars).....	$433	$574	$459	$475	$461	$471
Value (in million dollars)....	$13	$27	$100	$113	$196	$200
FLOUR AND OTHER GRAIN PRODUCTS						
Quantity (1000 tons).....	288	236	1,037	1,202	2,481	3,100
Value Per Ton (dollars).....	$201	$195	$197	$184	$223	$212
Value (in million dollars)....	$58	$46	$204	$221	$554	$656
FORAGE, HAY, MIXED FEED AND GRAIN BYPRODUCTS						
Quantity (1000 tons).....	499	679	2,631	3,171	6,395	6,400
Value Per Ton (dollars).....	$140	$147	$155	$148	$151	$152
Value (in million dollars)....	$70	$100	$408	$470	$964	$975
TOTAL VOLUME (in thousand tons)	8,394	6,353	48,971	37,822	94,760	83,275
TOTAL VALUE (in million dollars)	$1,185	$849	$6,977	$4,847	$13,439	$10,755

SOURCE: U.S. Bureau of Census.

U.S. Wheat Programs

	1984 Program		1985 Program		1986 Program	
	Equivalent: Export Price 1/ ($/Ton)	Farm Price ($/Bu.)	Equivalent: Export Price 1/ ($/Ton)	Farm Price ($/Bu.)	Equivalent: Export Price 1/ ($/Ton)	Farm Price ($/Bu.)
Trigger Release Price	$200	$4.45	$200	$4.45	--	--
Target Price	$198	$4.38	$198	$4.38	$198	$4.38
Loan (Reserve)	$158	$3.30	--	--		
National Loan	$158	$3.30	$158	$3.30	$125	$2.40
Season Average Producer Price	$161	$3.38	$147-154	$3.00-3.20	--	--
Farm Price	--	--	$151	$3.12 2/	--	--
Paid Diversion	$136	$2.70	$136	$2.70	--	$2.00 Winter $1.10 Spring

1/ Estimated equivalent, adjusted from $/Bu. at the farm level by including transportation and handling allowances of $1.00 per bushel.
2/ ASCS 5-day moving average as of April 10, 1986

U.S. Corn Programs

	1984 Program		1985 Program		1986 Program	
	Equivalent: Export Price 1/ ($/Ton)	Farm Price ($/Bu.)	Equivalent: Export Price 1/ ($/Ton)	Farm Price ($/Bu.)	Equivalent: Export Price 1/ ($/Ton)	Farm Price ($/Bu.)
Trigger Release Price	$159	$3.25	$159	$3.25	--	--
Target Price	$151	$3.03	$151	$3.03	$151	$3.03
Loan (Reserve)	$136	$2.65	$132	$2.55	--	--
National Loan	$132	$2.55	$132	$2.55	$107	$1.92
Season Average Producer Price	$136	$2.65	$122-128	$2.30-2.45		
Farm Price	--	--	$121	$2.25	--	--
Paid Diversion	--	--	--	--	--	$0.73

1/ Estimated equivalent, adjusted from $/Bu. at the farm level by including transportation and handling allowances of $.80 per bushel.
2/ ASCS 5-day moving average as of April 10, 1986

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Service

Foreign Agriculture Circular

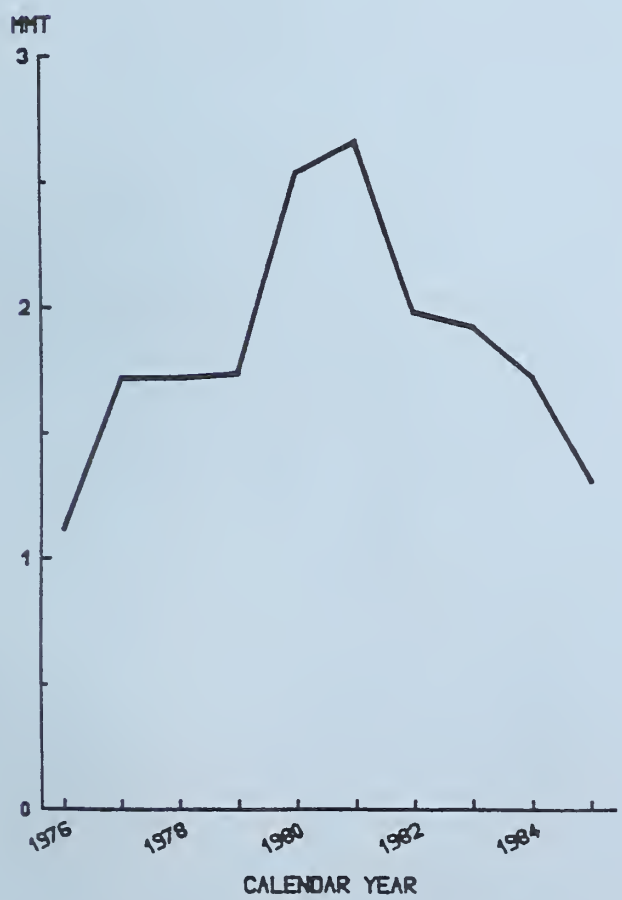
Grains

Export Markets for U.S. Grain and Products

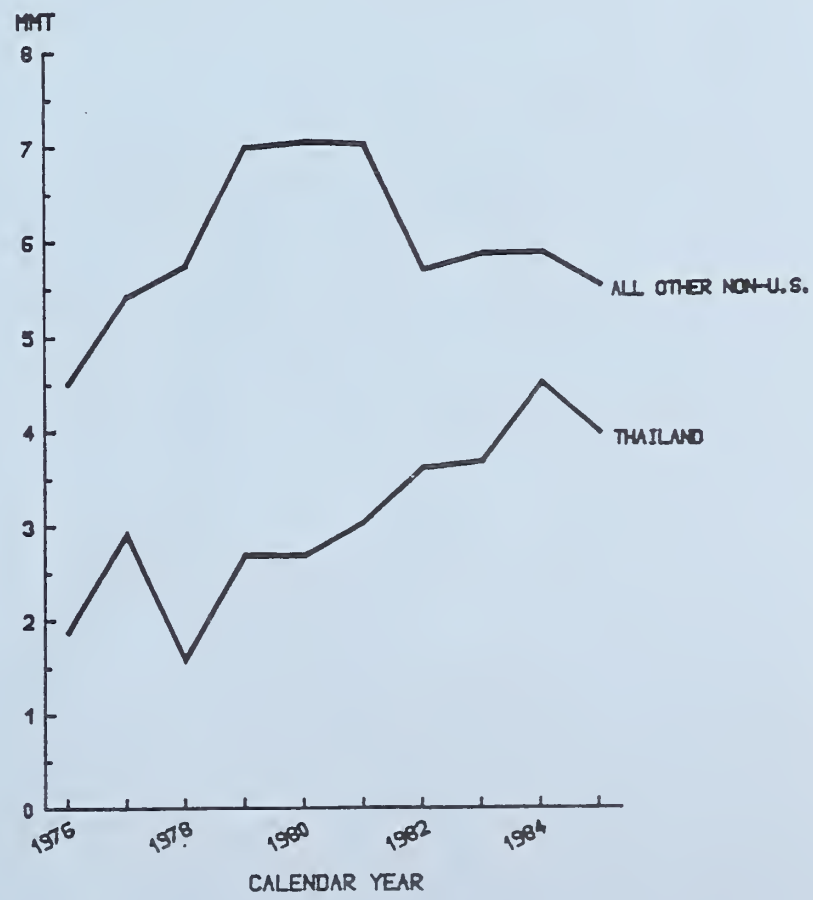
EMG-3-86
March 1986

The situation in the world rice market is currently of particular interest because of the very sharp change in U.S. export volume in recent years, and also because of important legislative and program changes effecting U.S. rice prices which were mandated by the Food Security Act of 1985 and which become operative on April 15, 1986. As shown by this month's cover graphs, U.S. commercial exports for rice have fallen by roughly one-half since 1980, during which time other countries' export prices have declined very sharply while fixed loan rates have kept U.S. export market prices from following the decline. As the graphs indicate, Thailand has substantially increased exports over this period while shipments from many other exporting countries have declined along with those of the United States.

U.S. COMMERCIAL RICE EXPORTS



RICE EXPORTS FOR THAILAND
AND ALL OTHER NON-U.S. ORIGINS



NOTE: 1985 PRELIMINARY

Approved by the World Agricultural Outlook Board - USDA

EXPORT MARKETS FOR U.S. GRAIN AND FEED COMMODITIES
March 28, 1986

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HIGHLIGHTS

During the past month, the 1985/86 U.S. wheat export forecast was lowered 1.5 million tons to 24.5 million tons. The 1985/86 U.S. coarse grain export forecast was also sharply lowered 3.1 million tons to 45.9 million tons.

Significant developments during the past month affecting U.S. exports:

--Canada has concluded a new 3-year wheat agreement with Iraq, increasing the level of their wheat trade.

--The European Community has offered a special subsidy for wheat exports to Algeria and Tunisia.

--Australia has set its 1985/86 guaranteed minimum price for wheat higher than had been anticipated.

--Canada reportedly is considering a 20-30 percent reduction in its 1986/87 wheat support price in anticipation of greater competition.

--European Community wheat export licenses lag about 1 million tons below last year's levels at this time.

--Saudi Arabia is actively seeking export markets for its surplus wheat.

--Argentina has concluded record corn sales to non-traditional markets.

--Korean feed guidelines have changed in anticipation of lower-priced corn supplies.

--Mexico is expected to limit coarse grain imports due to falling oil revenues.

--The Philippine government has reversed policy and is allowing the importation of grains for feeding purposes.

This circular was prepared by the Grain and Feed Division, Commodity and Marketing Programs, FAS/USDA. Telephone: (202) 447-2009

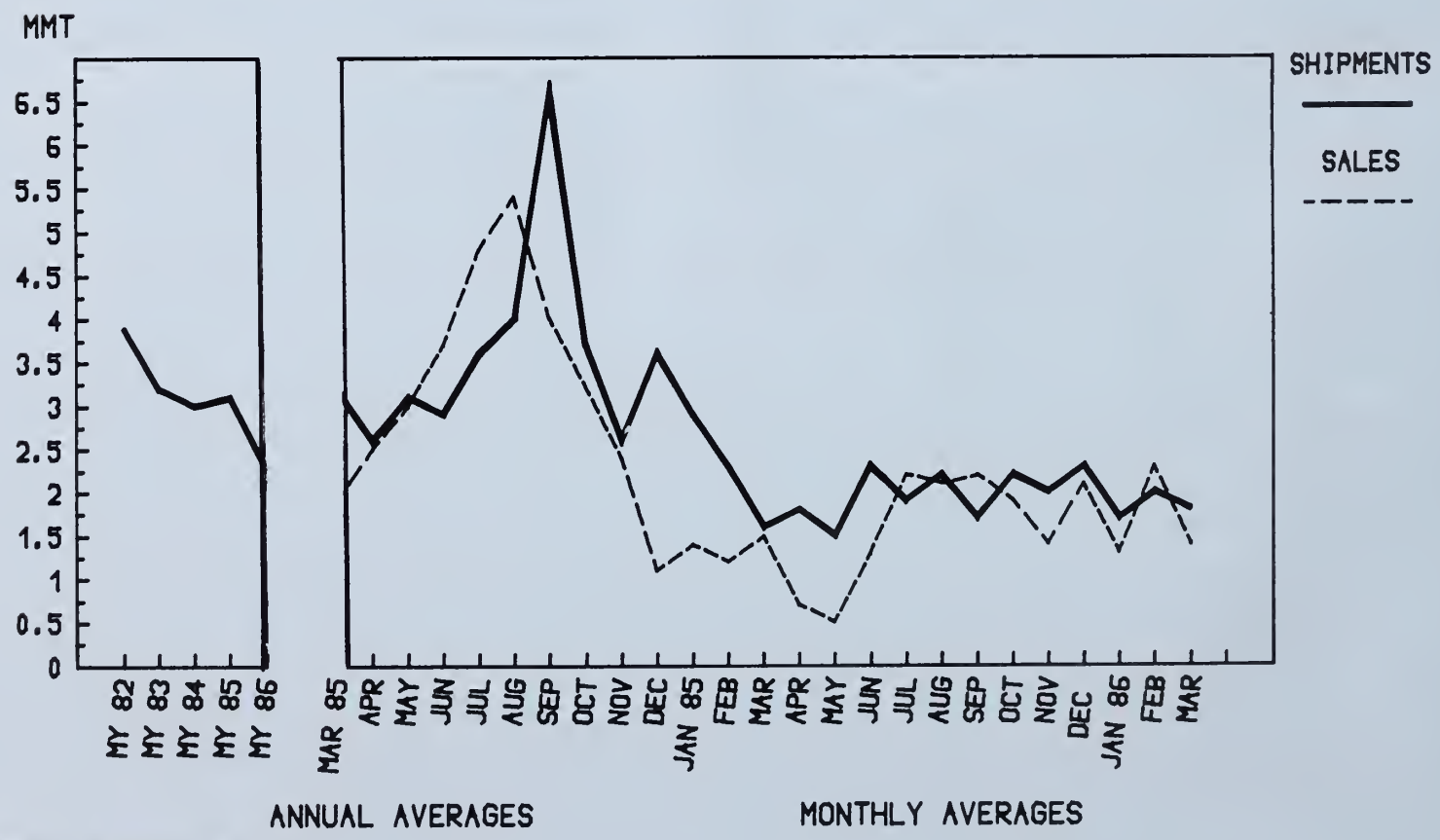
WHEAT

LATEST U.S. EXPORT FORECAST, SHIPMENTS, AND SALES

Export Forecast: In mid-March, the 1985/86 (June-May) U.S. wheat export forecast was lowered 1.5 million tons to 24.5 million tons--its lowest level since the 1971/72 marketing year. The forecast reflects both a reduction in the estimated volume of world wheat trade and a reduction in the U.S. position in that market. Ample competitor supplies combined with deferred purchasing in expectation of lower U.S. new-crop wheat prices appear to have weakened import demand and to have contributed to lagging U.S. exports. Accumulated U.S. wheat exports through March 20 totaled 19.1 million tons, more than 40 percent below last year's level of 32 million tons.

Shipments and Sales: Wheat shipments in the 4-week period ending March 20 totaled 1.8 million tons, up 6 percent from last month's shipments. New sales for the month of 1.4 million tons were down nearly 200,000 tons or 12 percent below last month's sales. Leading destinations included South Korea, Algeria, Turkey, Pakistan, Morocco, and Egypt. Major wheat sales were made to Japan, Algeria, and Egypt.

U.S. WHEAT SHIPMENTS AND SALES
ANNUAL MONTHLY AVERAGES FOR MY 1982 - 1986(PROJ)
AND MONTHLY FROM MARCH 1984 - MARCH 1986



MY IS JUNE/MAY MARKETING YEAR

U.S. WHEAT SHIPMENTS, SALES, and INSPECTIONS
(JUNE/MAY--MILLION TONS)

------ Monthly SHIPMENTS ------		
For Period Ending	1984/85	1985/86
Dec. 20	3.3	2.3
Jan. 23	3.2	2.0
Feb. 20	2.3	1.7
Mar. 20	1.5	1.8
Cumulative for MY..	32.0	19.1

------ Monthly SALES 1/ ------		
For Period Ending	1984/85	1985/86
Dec. 20	1.1	2.1
Jan. 23	2.5	2.1
Feb. 20	1.2	1.6
Mar. 20	1.6	1.8
Cumulative for MY..	35.9	23.4

Weekly and Annual INSPECTION Rates	MT	BU
Week Ending March 13	0.4	13.4
Week Ending March 20	0.5	18.8
Official Estimate for 1985/86 (Grain only)	22.7	835
Implied Weekly Average	0.4	16.1
Weekly Average for Latest Six Weeks	0.4	16.4
Marketing Year-to-Date Weekly Average	0.5	17.1
MY Year-to-Date Average Extrapolated Annually	24.2	891
Weekly Average Required during Remainder of MY to Achieve Official Estimate ..	0.3	11.5

1/ Sales made since the beginning of the applicable marketing year, including sales for shipment in the next marketing year.

SOURCE: Shipments and sales data from U.S. Export Sales. Inspections data from the Federal Grain Inspection Service.

SUPPLY and DISTRIBUTION of U.S. WHEAT by CLASS
(MILLION BUSHELS)

Marketing Year beginning June 1	Hard Winter	Hard Spring	Soft Red	White	Durum	Total
--- 1984/85 ---						
Beginning Stocks	745	314	74	167	99	1,399
Production	1,251	409	531	301	103	2,595
Total Supply 1/	1,996	725	605	470	207	4,003
Domestic Use	562	171	288	87	46	1,153
Exports	717	183	253	210	61	1,424
Total Use	1,279	354	541	297	107	2,578
Ending Stocks	717	371	64	173	100	1,425
--- 1985/86 ---						
Beginning Stocks	717	371	64	173	100	1,425
Production	1,230	460	368	254	113	2,425
Total Supply 1/	1,947	836	432	429	218	3,862
Domestic Use	553	181	212	76	53	1,075
Exports	410	160	155	130	45	900
Total Use	963	341	367	206	98	1,975
Ending Stocks	984	495	65	223	120	1,887

1/ Includes imports.

SOURCE: World Agricultural Supply and Demand Estimates, No. 191 - March 10, 1986.

IMPORTER BUYING ACTIVITY

WHEAT and FLOUR IMPORTER BUYING ACTIVITY
REPORTED between FEBRUARY 28, 1986 and MARCH 26, 1986

Date of Purchase	Buyer	Origin	Quantity (tons)	Grade 1/	Price Range 2/ ($US per ton)	Delivery Period 3/
3/4	Philippines	Australia	25,000	Feed Wheat	116.63 C&F	March
3/17	Peru	Argentina	25,000	Wheat	103.45 FOB	May-June
	Taiwan	U.S.	81,000	White HRW HRS	Various	M-A-M-J
3/20	Yemen	Australia	60,000	SW	152.37 C&F	Apr-May
	Peru	Argentina	50,000	Wheat	104.35	LH June
	Egypt	U.S.	75,400	Wheat Flour	Various	Apr-May
3/21	Costa Rica	U.S.	4,000	SRW	146.71	April
	Costa Rica	U.S.	12,000	HRS	166.08	April
3/26	Algeria	U.S.	285,000	#3 HAD	139.45	Mar-Jun
	Egypt	U.S.	25,000	White	145.44	April
	Egypt	U.S.	67,000	SRW	143.11	April

1/ HRW=Hard Red Winter, HRS=Hard Red Spring, SRW=Soft Red Winter, HAD=Hard Amber Durum, WW=Western White ASW=Australian Soft White, CWRS=Canadian Western Red Spring, PH=Australian Prime Hard, AH=Australian Hard
2/ FOB unless otherwise noted.
3/ FH denotes first half; LH, last half.

SOURCE: Unofficial market news reports.

MARKET OPPORTUNITIES

**Tunisia: The United States could make additional grain sales, particularly wheat, to Tunisia due to a severe drought that has substantially reduced grain and forage production. Latest reports indicate that Tunisia's wheat imports in 1986/87 (July-June) could climb as high as 1.2 million tons, almost triple the projected 1985/86 level. The United States traditionally supplies roughly half of Tunisia's 750,000-ton average annual wheat import requirement. Depending on the severity and duration of the drought, U.S. wheat exports to Tunisia in 1986/87 could be much higher than their level in recent years.

DEVELOPMENTS AFFECTING U.S. EXPORTS

Other Exporting Countries' Selling Activity and Competitive Practices

**Canada: Canada and Iraq have signed a new wheat agreement involving longer-term credit, designed to make Canadian bread-quality wheat more attractive in the Iraqi wheat market. The new 3-year agreement calls for 500,000 tons of wheat trade per year with 3-year credit terms The previous 3-year agreement required 400,000 tons of wheat trade per year on 2-year credit. Australia also has a wheat agreement with Iraq. Beginning in 1986, Australia's agreement requires at least 6 million tons of wheat trade during the next 5 years, with not less than 800,000 tons in any given year. The United States supplies about a third of Iraq's average annual wheat import requirements of 2.5 million tons.

Iraqi Wheat Imports
(July/June - 1,000 MT)

Origin	1982/83 (TMT)	1982/83 (%)	1983/84 (TMT)	1983/84 (%)	1984/85 (TMT)	1984/85 (%)	Shipments July through December 1984/85	Shipments July through December 1985/86
Argentina	50	(3)	---		---		---	---
Australia	403	(21)	859	(29)	1,216	(47)	565	292
Canada ..	310	(16)	632	(21)	334	(13)	194	26
EC	205	(10)	295	(10)	170	(7)	119	86
US	925	(47)	1,171	(40)	868	(34)	683	370
Total	1,960		2,960		2,587		1,561	774

SOURCE: Exporter reported data.

**European Community: In an attempt to displace potential U.S. new-crop wheat exports under the Export Enhancement Program, the European Commission recently split its export subsidy rate for North Africa into a separate component for Tunisia and Algeria. The move has given the Commission the ability to continue to undercut U.S. wheat prices by granting higher export subsidies for sales made specifically to these two countries. Since the introduction of the special subsidy, the European Community (EC) has sold about 230,000 tons of wheat to Tunisia, reportedly at US$94 per ton f.o.b. for immediate delivery.

**European Community: Despite generally higher EC export subsidies, sluggish global wheat import demand and poor quality EC supplies may lead to a decline in the EC's 1985/86 (July-June) wheat exports from last year's record of 17.5 million tons. Through early February, EC wheat export licenses had been issued at a rate comparable to last year's rate. However, this month's reported cancellation of 700,000 tons of EC wheat export licenses and the Soviet Union's rumored cancellation of earlier purchases of 100,000 tons of French wheat, due to unacceptably high moisture levels, provide new indications that both the demand for and supplies of EC bread-quality wheat may be diminishing.

**Syria: Syria's continued reluctance to buy U.S. wheat has again been demonstrated by its recent purchases of Argentine and French wheat. Despite 1985/86 (July-June) projected wheat import requirements of 900,000 tons, prospects for additional U.S. wheat sales to Syria during the remainder of the marketing year continue to diminish. U.S. wheat commitments to Syria of only 27,000 tons through February lag significantly behind last year's commitments of 120,000 tons for the same period. In response to Syria's apparent policy of purchasing wheat at the most attractive terms, Australia has offered Syria credit on 300,000 tons of wheat, and France is expected to extend COFACE credit on an upcoming tender.

Syrian Wheat Imports
(July/June - 1,000 MT)

Origin	1982/83 (TMT)	1982/83 (%)	1983/84 (TMT)	1983/84 (%)	1984/85 (TMT)	1984/85 (%)	Shipments July through December 1984/85	Shipments July through December 1985/86
Argentina	---		79	(15)	---		---	---
Australia	2	(0)	24	(4)	---		---	---
Canada ..	210	(31)	157	(30)	297	(31)	470	---
EC	379	(57)	263	(49)	518	(55)	410	23
US	51	(8)	1	(0)	127	(13)	74	27
Total	670		530		949		954	50

SOURCE: Exporter reported data.

WHEAT SHIPMENTS by MAJOR EXPORTING COUNTRIES
RECENT MONTHS and SEASON TOTALS for 1984/85-1985/86
(JULY/JUNE--MILLION TONS)

For Period Ending 1/	-- CANADA -- 84/85	85/86	- AUSTRALIA - 84/85	85/86	- ARGENTINA - 84/85	85/86	- FRANCE 2/ - 84/85	85/86	-- TOTAL -- 84/85	85/86
Dec. 19	1.0	1.5	1.0	.9	.2	.5	1.0	1.6	3.2	4.5
Jan. 24	.8	1.1	1.1	1.7	1.5	.9	1.0	1.4	4.4	5.1
Feb. 20	.7	.8	1.0	1.8	1.9	1.0	.8	1.0	4.4	4.6
Mar. 20	.8	.6	1.4	1.7	1.5	.7	1.3	1.0	5.0	4.0
Cumulative Since July 1 .	14.2	12.5	11.2	11.4	5.8	4.5	9.0	8.2	40.1	36.6
Total for Season 3/	19.4	17.5	15.3	15.7	8.0	6.1	12.6	12.0	55.3	51.3

1/ Or nearest date.
2/ Excludes intra-EC trade.
3/ Forecast for 1985/86.
- Less than 0.1, N/A - Data not available.

Competitive Developments In Selected Foreign Markets

**Saudi Arabia: Saudi Arabia is reportedly seeking export markets for its 1-million-ton wheat stocks to provide storage space for the incoming crop. Existing political and economic ties with the Gulf States of Bahrain, Kuwait, Qatar, Oman, and the United Arab Emirates make these neighboring countries logical markets for the Saudi surplus. These five nations collectively import over 550,000 tons of wheat annually, mostly from Australia. Reports indicate that Saudi Arabia plans to offer its wheat below the prices offered by traditional wheat-exporting countries. Wheat production in Saudi Arabia is heavily subsidized and has grown dramatically in recent years. Until now, all of Saudi Arabia's production, which has averaged about 1.5 million tons over the past two seasons, has been used for domestic purposes. If Saudi exports displace Australian wheat in the Gulf States, the United States can expect greater competition from Australian wheat in other markets.

Internal Price Policies Of Foreign Countries

**Major Exporters: The latest internal support prices for the principal world wheat exporters, for their respective marketing years, are listed below. Prices are not strictly comparable because U.S., Argentine, and EC prices are on a local delivery point basis, while Australian and Canadian prices represent their respective marketing board's initial payments to producers. Prices also may not be comparable due to quality differences. For example, in terms of quality differentials, the Canadian price is set for No. 1 Canadian Western Red Spring (CWRS), while No. 2 CWRS currently is discounted C$6 per ton and No. 3 CWRS is discounted C$14 per ton. No. 1 CWRS has represented about 40 percent of Canadian wheat exports over the past 10 years. EC prices given below are for medium quality wheat as of February 1986 and include a 2.5 ECU increment for each month since August 1985.

Major Exporter' Support Prices for Wheat
As of March 1986 with Comparison to March 1985

Exporter	1984/85 U.S.$ Equivalent	1984/85 Local Currency		1985/86 U.S.$ Equivalent	1985/86 Local Currency	
	per bu.	per ton		per bu.	per ton	
U.S. (loan)	$3.30	$121	121 (US$)	$3.30	$121	121 (US$)
Argentina (reference)	$2.46	$89	4,800 1/	$2.21	$81	65 1/
Australia (min. pay.)	$2.78	$102	146 (A$)	$2.87	$106	150 (A$)
Canada (initial pay.)	$3.15	$116	160 (C$)	$3.11	$114	160 (C$)
EC (reference) 2/	$4.23	$155	230.5 (ECU)	$5.61	$206	226.5 (ECU)
(intervention) 3/	$3.68	$135	200.5 (ECU)	$4.90	$180	197.5 (ECU)

1/ Caution should be taken when using the local price and its US$ equivalent because of the frequent changes in the support price and the volatility of the Argentine exchange rate. 1984/85 in new pesos as of May 1985, 1985/86 in australs as of January 1985.
2/ Support price for bread-quality wheat.
3/ Support price paid for other milling wheats; EC prices represent medium-quality wheat.

**Australia: The Australian Wheat Board (AWB) has set the 1985/86 guaranteed minimum price (GMP) for Australian Standard White wheat at A$149.87 per ton (US$106). Given the current decline in world wheat prices and the 20-percent decrease in the 1986 U.S. wheat loan rate, this year's GMP is higher than had been expected. At March exchange rates, the new GMP represents about a 4-percent increase from last year's GMP of US$102 per ton (See preceding table). The U.S. Agricultural Counselor in Canberra indicates that the higher guaranteed price is the result of larger wheat export sales and returns, lower marketing costs due to more efficient marketing procedures, and a decline in the value of the Australian dollar. For the 1986/87 season, Canada reportedly is considering a 20-30 percent reduction in its wheat support price in anticipation of lower world prices and greater competition among exporters.

**Chile: Chile has reduced the floor price of imported wheat for the 1986/87 (November-October) season about 3 percent to US$211 per ton. The reduction mainly reflects the downward trend in international wheat prices. Chile's floor price for imported wheat also serves as the basis for its domestic wheat price support system. As a rule, wheat producers receive about 85 percent of the floor price due to quality and other cost differences between domestic and imported wheat. The marginal decline in the still relatively high floor price is not expected to be an appreciable disincentive to domestic wheat production, which has more than doubled from about 580,000 tons in 1982 to a projected 1.2 million tons this year. The United States supplies most of Chile's wheat import requirements, which have averaged about 800,000 tons in recent years.

Other Developments Affecting U.S. Exports

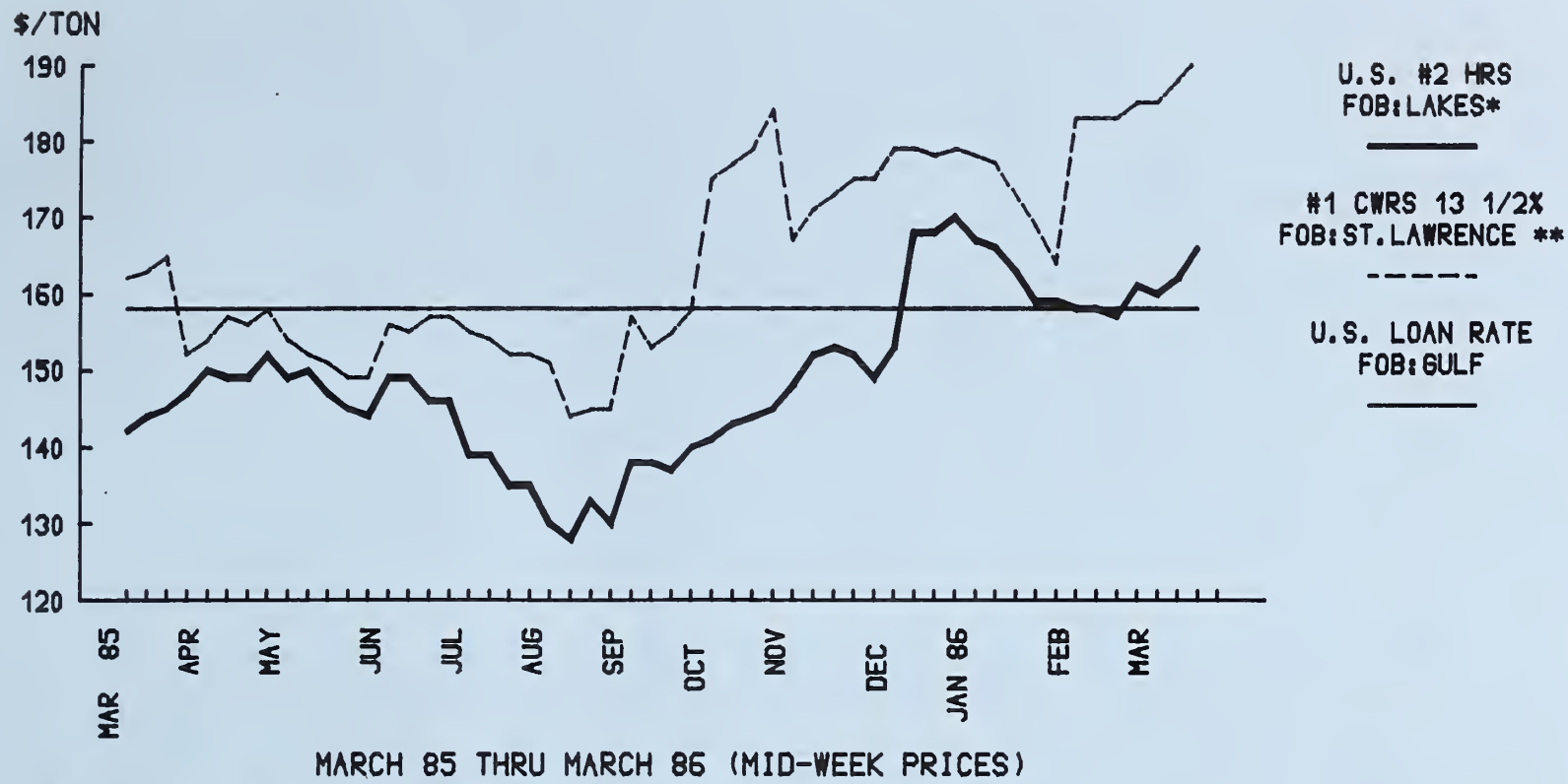
**Nigeria: Recent reports indicate that U.S. wheat exports to Nigeria could drop by as much as 25 percent in calendar year 1986 due to Nigeria's falling oil revenues. In an attempt to reduce its agricultural import expenditures and conserve foreign exchange, the government of Nigeria is reassessing its grain import requirements and, to date, has not issued any import licenses for 1986. Even when import licenses are issued, U.S. wheat sales to Nigeria will continue to face stiff competition from Canadian and Argentine wheat, at least until the new U.S. wheat crop becomes available. Prior to the 1985/86 season, the United States had supplied about 95 percent of Nigeria's 1.6-million ton average annual wheat imports.

Nigerian Wheat Imports
(July/June - 1,000 MT)

Origin	1982/83 (TMT)	1982/83 (%)	1983/84 (TMT)	1983/84 (%)	1984/85 (TMT)	1984/85 (%)	Shipments July through December 1984/85	Shipments July through December 1985/86
Argentina	---		---		87	(5)	---	---
EC	18	(1)	31	(2)	19	(1)	4	2
Canada ..	---		66	(4)	21	(1)	21	68
US	1,314	(98)	1,548	(94)	1,665	(93)	920	821
Total	1,335		1,650		1,795		945	891

SOURCE: Exporter reported data.

HARD RED SPRING WHEAT EXPORT PRICES
U.S. AND CANADIAN



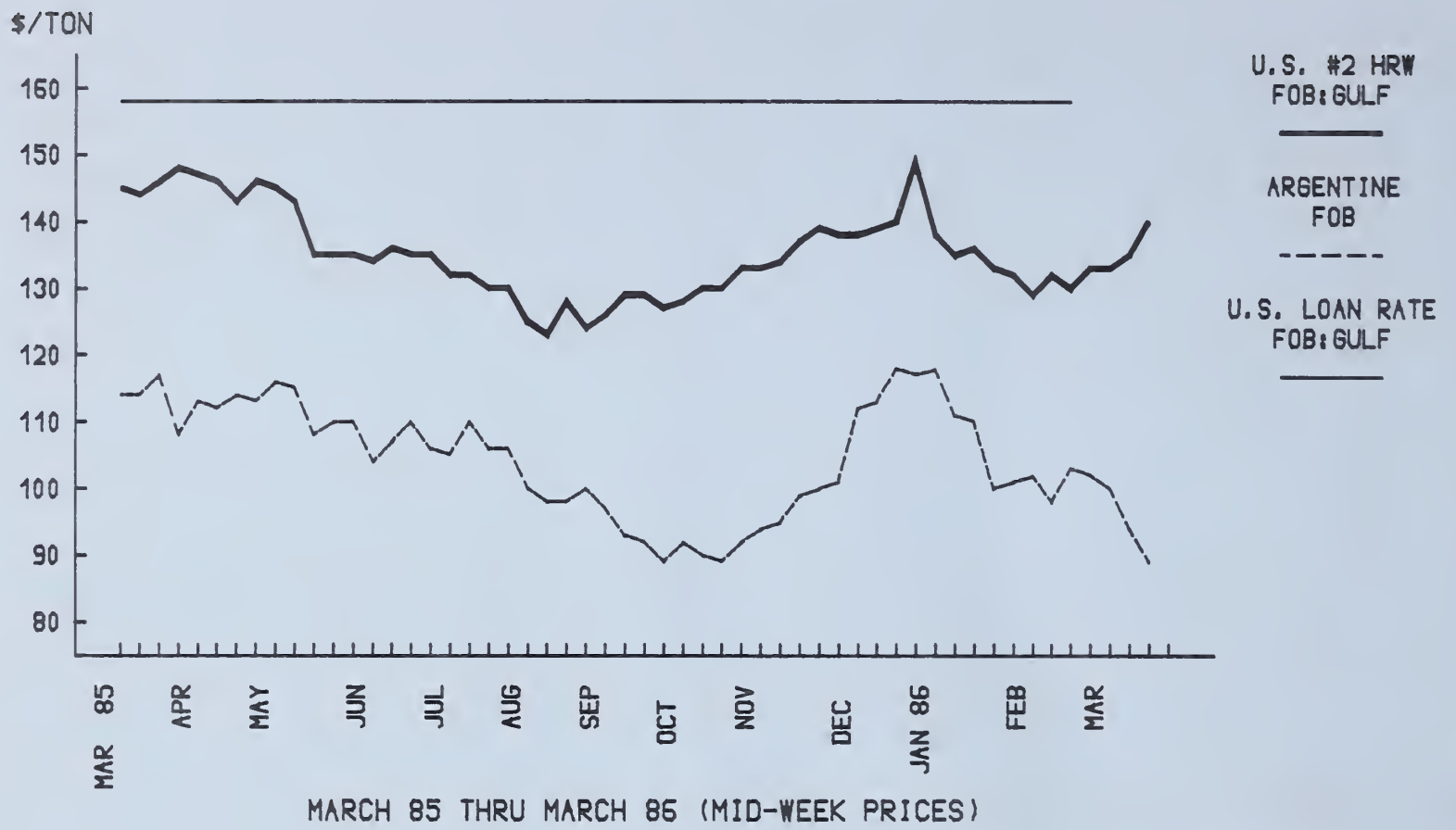
MARCH 85 THRU MARCH 86 (MID-WEEK PRICES)

* FOB GULF DURING WINTER MONTHS
** FOB ST. LAWRENCE AS OF FEBRUARY 1986
FOB THUNDER BAY PRIOR TO FEBRUARY 1986

WHITE WHEAT EXPORT PRICES
U.S. AND AUSTRALIAN

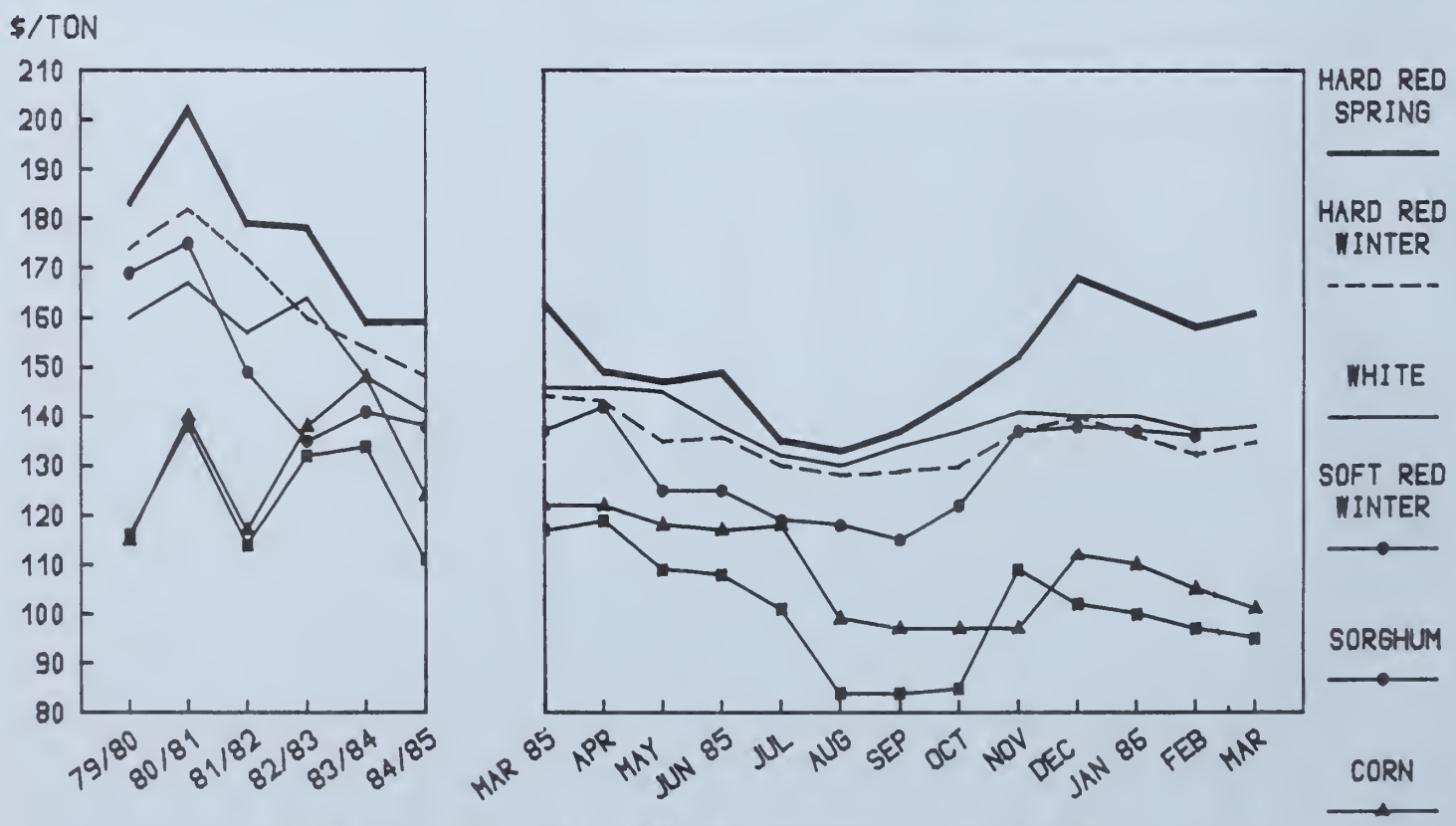
MARCH 85 THRU MARCH 86 (MID-WEEK PRICES)

HARD RED WINTER WHEAT EXPORT PRICES
U.S. AND ARGENTINE



MARCH 85 THRU MARCH 86 (MID-WEEK PRICES)

US. GRAIN COMMODITY EXPORT PRICES FOB GULF
EXCEPT FOB PNW FOR WHITE WHEAT
AND FOB LAKES FOR HARD RED SPRING*



YEARLY AVERAGE (JUL/JUN) MAR 85-MAR 86 MID-MONTH

*FOB GULF DURING WINTER MONTHS

U.S. WHEAT EXPORT COMMITMENTS BY CLASS TO MAJOR DESTINATIONS
TOTAL EXPORTS FOR 1983/84 - 1984/85; COMMITMENTS TO DATE FOR 1985/86 WITH COMPARISON TO 1984/85
(JUNE/MAY--1,000 TONS)

Destination	Marketing Year	Hard Red Winter	Hard Red Spring	Soft Red Winter	All White	Durum	Total Exports
EC-12	1983/84	350	1,218	405	--	298	2,271
	1984/85	340	726	222	--	198	1,486
	1984/85*	343	673	221	--	174	1,411
	1985/86**	336	598	162	--	187	1,282
Other W. Europe	1983/84	448	32	8	16	14	518
	1984/85	206	91	420	--	35	752
	1984/85*	168	52	420	--	35	674
	1985/86**	573	108	--	6	4	690
USSR	1983/84	4,141	--	--	--	--	4,141
	1984/85	6,339	--	--	--	--	6,339
	1984/85*	6,339	--	--	--	--	6,339
	1985/86**	153	--	--	--	--	153
China	1983/84	1,368	--	1,549	--	--	2,917
	1984/85	105	--	2,693	--	--	2,798
	1984/85*	105	--	2,723	--	--	2,828
	1985/86**	--	--	581	--	--	581
Japan	1983/84	1,287	1,010	--	1,126	12	3,435
	1984/85	1,367	1,067	--	1,013	15	3,462
	1984/85*	1,263	993	--	980	9	3,245
	1985/86**	1,269	986	--	971	60	3,286
Taiwan	1983/84	245	185	--	130	--	560
	1984/85	299	211	--	145	--	655
	1984/85*	299	210	--	145	--	654
	1985/86**	295	219	--	158	--	672
Rep. of Korea	1983/84	649	221	2	1,179	--	2,051
	1984/85	674	231	--	1,103	--	2,008
	1984/85*	587	200	--	975	--	1,762
	1985/86**	550	221	3	1,008	--	1,781
Other Asia, Middle East, and Oceania	1983/84	2,288	1,232	258	1,222	21	5,021
	1984/85	2,227	1,002	178	1,502	--	4,909
	1984/85*	2,167	860	178	1,492	--	4,697
	1985/86**	1,820	711	143	1,242	60	3,975
Egypt	1983/84	--	--	539	807	--	1,346
	1984/85	30	--	429	1,205	--	1,664
	1984/85*	--	--	404	1,201	--	1,605
	1985/86**	--	--	1,358	104	--	1,462
Nigeria	1983/84	1,278	265	88	--	--	1,631
	1984/85	1,324	198	91	--	--	1,613
	1984/85*	1,089	198	91	--	--	1,378
	1985/86**	742	21	70	--	--	833
Other Africa	1983/84	471	7	1,876	45	844	3,243
	1984/85	418	39	2,034	35	803	3,329
	1984/85*	401	39	1,978	28	771	3,217
	1985/86**	1,436	70	876	--	556	2,939
Brazil	1983/84	2,181	66	66	--	--	2,313
	1984/85	3,111	67	67	--	--	3,245
	1984/85*	3,088	--	67	--	--	3,155
	1985/86**	722	--	--	--	--	722
Other W. Hemis.	1983/84	2,223	1,477	514	48	296	4,558
	1984/85	2,061	1,290	503	159	293	4,306
	1984/85*	1,944	1,295	413	158	264	4,074
	1985/86**	1,613	1,151	566	2	227	3,559
Total 1/	1983/84	17,128	5,647	5,593	5,541	1,556	35,465
	1984/85	18,460	4,862	6,577	5,234	1,458	36,591
	1984/85*	17,805	4,521	6,494	4,984	1,406	35,210
	1985/86**	9,562	4,112	3,746	3,484	1,218	22,122
MY Projection 2/		11,158	4,355	4,218	3,538	1,225	24,494

1/ Discrepancies due to rounding and sales to unknown destination.
2/ Projections for 1985/86, including flour and products.
* Sales plus accumulated exports as March 21, 1985, excluding sales for next marketing year.
** Sales plus accumulated exports as March 20, 1986, excluding sales for next marketing year.

SOURCE: U.S. Export Sales.

**Venezuela: A Venezuelan wheat quality team, sponsored by U.S. Wheat Associates, recently toured grain-handling facilities in the port of New Orleans. The visit was designed to reassure the Venezuelan wheat import industry about the quality of U.S. wheat in an effort to regain roughly 300,000 tons of wheat exports lost to Canada. In 1984, Venezuela, the largest spring wheat market in the Western Hemisphere, began shifting to Canadian wheat. The shift was due partly to problems with lower protein U.S. spring wheat and excessive unmillable materials, but was also a response to discounts and other incentives offered by Canada. The United States traditionally has supplied virtually all of Venezuela's wheat import requirements.

Venezuelan Wheat Imports
(July/June - 1,000 MT)

Origin	1982/83 (TMT)	1982/83 (%)	1983/84 (TMT)	1983/84 (%)	1984/85 (TMT)	1984/85 (%)	Shipments July through December 1984/85	Shipments July through December 1985/86
Argentina	0	(0)	3	(0)	0	(0)	---	---
Canada ..	15	(2)	31	(3)	323	(29)	67	231
US	786	(98)	936	(97)	777	(71)	458	293
Total	801		971		1,100		525	524

SOURCE: Exporter reported data.

**Eastern Europe: The U.S. Wheat Associates is arranging a marketing conference for Eastern European countries. The conference will focus on familiarizing Eastern European countries with U.S. wheat quality, prices, and marketing arrangements in an effort to reestablish the U.S. position in this important market. Since the early 1980's, the U.S. share of the 4-million-ton Eastern European wheat import market has declined from over 25 percent to less than 10 percent.

**Tunisia: In order to demonstrate the advantages of importing U.S. wheat, U.S. Wheat Associates may provide assistance in establishing a wheat-testing laboratory in Tunisia. Recent wheat shipments from certain European origins reportedly have been watered down in order to increase their weight. However, Tunisia's wheat import standards do not require price discounts for moisture until the level exceeds 15 percent. Although Tunisian officials are aware that they could receive up to 6 percent more wheat by purchasing lower-moisture U.S. wheat, regulations require acceptance of the lowest price per ton, regardless of moisture differences below the maximum. U.S. Wheat Associates also plans to sponsor a seminar in Tunis, during which officials from the U.S. Federal Grain Inspection Service will acquaint Tunisian officials with U.S. grain standards and grading techniques.

Status of the Export Enhancement Program
as of March 19, 1986

Country	Date Announced	Commodity	Amount Offered (MT)	Amount Purchased (MT) Under Bids Accepted through March 19
Algeria	June 4	Wheat	1,000,000	1,000,000
	Feb. 11	Semolina	250,000	----
	Feb. 25	Wheat Flour	250,000	----
Egypt	July 2	Wheat Flour	600,000	175,000 1/
	July 26	Wheat	500,000	500,000
	Oct. 30	Wheat	500,000	----
Yemen	Aug. 20	Wheat Flour	50,000	30,000
	Sept. 6	Wheat	100,000	----
Morocco	Sept. 30	Wheat	1,500,000	1,500,000
Turkey	Oct. 16	Wheat	500,000	506,000
Jordan	Nov. 8	Rice	40,000	----
Philippines	Nov. 15	Wheat Flour	100,000	50,000 1/
	Jan. 6	Wheat	75,000	----
Zaire	Nov 18	Wheat Flour	64,000	30,000 1/
	Dec. 27	Wheat	40,000	20,000
Iraq	Dec. 9	Wheat Flour	150,000	37,500 1/
Nigeria	Dec. 10	Barley Malt	100,000	----
Tunisia	Mar. 18	Wheat	300,000	----
Jordan	Mar. 19	Wheat	75,000	----

Totals (MT)	Amount Offered	Amount Sold
Wheat	4,665,000	2,936,600
Flour	1,214,000	322,500
Semolina	250,000	----
Rice	40,000	----
Barley Malt	100,000	----

1/ Flour not in grain equivalent.

**PL-480

FY 1986 PUBLIC LAW TITLE I/III
COUNTRY AND COMMODITY ALLOCATIONS 1/

Countries with $790 or Less Per Capita GNP	TOTAL ($Millions)	----- (1,000 Tons Grain Equivalent) ---- WHEAT/FLOUR	RICE	FEEDGRAINS
Bangladesh ..	$70.0	308.0	35.0	--
Bolivia	$20.0	152.0	--	--
Egypt	$213.0	1,557.0 2/	--	--
El Salvador .	$46.0	148.0	--	--
Ghana	$8.0	--	7.0	--
Guinea	$6.0	--	20.0	--
Haiti	$18.0	114.0	--	--
Honduras	$15.0	86.0	--	--
Indonesia ...	$30.0	152.0	--	--
Kenya	$10.0	76.0	--	--
Liberia	$11.0	--	34.0	--
Madagascar ..	$8.0	--	14.0	--
Morocco	$40.0	292.0	--	--
Mozambique ..	$10.0	29.0	11.0	28.0
Pakistan	$50.0	--	--	--
Philippines .	$35.0	189.0	33.0	--
Senegal	$5.5	--	18.0	--
Sierra Leone	$4.0	13.0	7.0	--
Somalia	$16.7 3/	18.0 1/	16.0	--
Sri Lanka ...	$26.0	193.0	--	--
Sudan	$50.0	364.0 1/	--	--
Yemen	$5.0	--	13.0	--
Zaire	$20.0	100.0	--	--
Zambia	$10.0	37.0	--	--
SUBTOTAL ..	$727.2	3,828.0	208.0	28.0
Countries over $790 Per Capita GNP				
Costa Rica ..	$23.0	120.0	--	10.0
Dominican Rep	$30.0	72.0	32.0	--
Guatemala ...	$14.0	92.0	--	--
Jamaica	$30.0	83.0	22.0	73.0
Peru	$20.0	98.0	--	--
Tunisia	$2.5	19.0	--	--
SUBTOTAL ..	$119.5	484.0	54.0	83.0
Total Allocated ...	$846.7	4,312.0	262.0	111.0
Unallocated Reserve	$100.0	--	--	--
Total Program	$946.7	--	--	--

1/ Preliminary.
2/ All or some portion in wheat equivalent of flour.
3/ $3.3 million has been designated for ocean freight financing.

**CCC Credit

U.S. WHEAT/FLOUR TRADE WITH SELECTED COUNTRIES
UNDER CCC GUARANTEE PROGRAMS 1/

	FY 1985		FY 1986		
	Guarantees Approved -$ Millions-	Est. Quantity Shipped --1,000 Tons--	Programs Announced -----$ Millions-----	Programs Approved	Quantity Remaining To Be Purchased 2/ ----1,000 Tons----
Bangladesh ..	$42.1	280.7	--	--	--
Brazil	$272.5	1,816.7	$150.0	--	1,071.4
Chile	$59.5	396.7	$42.0	--	300.0
Colombia	$79.0	526.7	$100.0	$5.2	677.1
Ecuador	$32.6	217.3	$55.0	$30.2	177.1
Egypt	$77.6	517.3	$120.0 4/		725.5
Guatemala ...	$16.1	107.3	--	--	--
Haiti	$7.5	50.0	$7.5	$5.0	17.9
Iraq	$88.5	590.0	$130.0 4/	$90.4	257.0
Jamaica	$4.2	28.0	$7.5 4/	$1.1	33.6
Jordan	$19.9	132.7	--	--	--
Korea	$108.9	726.0	$120.0	$64.7	395.0
Morocco	--	--	$150.0	$89.4	432.9
Pakistan	$40.1	267.3	$45.0	--	321.4
Philippines .	$43.2	288.0	--	--	--
Portugal	$97.0	646.7 3/	$73.0	$9.5	453.6
Turkey	$10.1	67.3	$60.0	$59.2	5.7
Yemen	--	--	$40.0 4/		266.9
TOTAL.....	$998.8	6,658.7	$1,100.0	$354.7	5,135.1

1/ Includes GSM-102 as of March 7, 1986.
2/ Estimated quantity remaining equals Announced minus Approved based on $140 per ton for wheat and $190 per ton for wheat flour.
3/ Wheat or feed grains.
4/ Wheat and wheat flour.

CORN and SORGHUM

LATEST U.S. EXPORT FORECAST, SHIPMENTS, AND SALES

Export Forecast: In mid-March, the 1985/86 (October-September) U.S. coarse grain export forecast was lowered more than 3 million tons to 45.9 million tons. A 2.6-million-ton reduction in the corn export forecast, to 38.7 million tons, was responsible for the bulk of the decline. The sorghum export forecast also was sharply reduced from 7.0 million tons to 6.3 million tons. As of March 20, U.S. coarse grain exports totaled 24.8 million tons, less than 75 percent of 1984/85 exports through the same period. Record export availabilities of Argentine corn and a 1-million-ton reduction in both the Soviet Union's and Mexico's projected coarse grain demand contributed to the steep decline in projected U.S. coarse grain exports.

Shipments and Sales: Corn shipments during the 4-week period ending March 20 totaled 2.7 million tons, a 35-percent decrease from last month's shipments, while new sales of almost 800,000 tons were far below last month's total of 3.5 million tons. Japan, and Portugal were the major corn buyers, and Japan, Taiwan, and the Soviet Union were the primary destinations for U.S. corn shipments. Sorghum shipments of 239,000 tons for the period were 13 percent below last month's total, while sales of 381,000 tons showed an 8-percent decrease from the previous month's sales. Japan and Taiwan were the principal buyers, and Japan and Venezuela were the major destinations for U.S. sorghum this month.

U.S. CORN and SORGHUM SHIPMENTS, SALES, and INSPECTIONS
(OCTOBER/SEPTEMBER--MILLION TONS)

------ Monthly SHIPMENTS ------

For Period Ending	CORN 84/85	CORN 85/86	SORGHUM 84/85	SORGHUM 85/86
Dec. 20	7.1	6.2	.7	.4
Jan. 23	5.9	4.3	.9	.6
Feb. 20	3.7	3.5	.6	.3
Mar. 20	4.2	2.7	.7	.2
Cumulative for MY.	27.9	22.2	4.2	2.3

------ Monthly SALES 1/ ------

For Period Ending	CORN 84/85	CORN 85/86	SORGHUM 84/85	SORGHUM 85/86
Dec. 20	2.6	5.5	.8	.3
Jan. 23	4.7	2.3	.9	.2
Feb. 20	2.9	1.6	.3	.4
Mar. 20	4.6	.8	.5	.4
Cumulative for MY.	36.2	25.2	5.2	2.9

Weekly and Annual INSPECTION Rates

	CORN MT	CORN BU	SORGHUM MT	SORGHUM BU
Week Ending March 13	0.6	22.4	.04	1.6
Week Ending March 20	0.5	20.0	0.0	0.0
Official Estimate for 1985/86 (Grain only)	38.3	1508	6.4	250
Implied Weekly Average	0.7	29.0	0.1	4.8
Weekly Average for Latest Six Weeks	0.7	26.6	0.1	2.5
Marketing Year-to-Date Weekly Average	0.9	35.6	0.1	3.6
MY Year-to-Date Average Extrapolated Annually	47.0	1851	4.7	185
Weekly Average Required during Remainder of MY to Achieve Official Estimate ...	0.6	23.2	0.2	6.0

1/ Sales made since the beginning of the applicable marketing year, including sales for shipment in the next marketing year.

SOURCE: Shipments and sales data from U.S. Export Sales. Inspections data from the Federal Grain Inspection Service.

IMPORTER BUYING ACTIVITY

RECENT CORN and SORGHUM IMPORTER BUYING ACTIVITY
REPORTED between FEBRUARY 28, 1986 and MARCH 26, 1986

Date of Purchase	Buyer	Origin	Quantity (tons)	Grade 1/	Price Range 2/ ($US per ton)	Delivery Period 3/
Mar. 25	Jamaica	U.S.	15,900	#2 and #3 YC	102.90	Apr-Jun.

1/ YC=#3 Yellow Corn unless otherwise stated, and YS=Yellow Sorghum
2/ FOB unless otherwise noted.
3/ FH denotes first half; LH, last half.

SOURCE: Unofficial market news reports.

U.S. MARKET OPPORTUNITIES

**Philippines: A shift to more realistic feed grain import policies in the Philippines could provide opportunities for U.S. corn sales. In a break from the previous administration's prohibition on the importation of corn and feed wheat, the new Agricultural Minister apparently has approved the Philippine Association of Feed Millers (PARMIL) application to import 25,000 tons of Australian feed wheat. Despite chronic feed shortages, the importation of grains for feeding purposes had been prohibited by the previous administration in order to encourage domestic corn production. Philippine feed millers, however, prefer corn to other grains, and recent reports indicate that they could import at least 50,000 tons of corn by July 1986. Prior to 1984, the United States supplied about 70 percent of the Philippines' average annual corn import requirement of 300,000 tons.

**Korea: U.S. corn sales to Korea could benefit from new guidelines recommending greater corn usage in compound feeds. In response to pressure from feed millers, Korea's Ministry of Agriculture and Fisheries has revised its guidelines for the use of corn in compound feeds from 60 to 66 percent. The move is an indication that importers may be adjusting their import policies in anticipation of lower-priced corn supplies. Korea recently had begun substituting manioc, feed wheat, and other grains for corn in order to save foreign exchange. The United States supplied virtually all of Korea's 3-million-ton corn imports until 1984. Since 1984, corn from Thailand and China, and feed wheat from Canada and Australia have displaced over a third of the U.S. corn exported to Korea.

Korean Corn Imports
(October/September - 1,000 MT)

Origin	1983/84 (TMT)	1983/84 (%)	1984/85 (TMT)	1984/85 (%)	Shipments October thru January 1984/85	Shipments October thru January 1985/86
Argentina	52	(1)	---		---	---
Thailand	167	(5)	192	(6)	55	501
PRC	114	(3)	1,540	(48)	581	96
US	2,972	(91)	1,454	(46)	317	686
Total	3,252		3,193		953	1,283

SOURCE: Exporter reported data.

DEVELOPMENTS AFFECTING U.S. EXPORTS

Other Exporting Countries' Selling Activities and Competitive Practices

**Argentina: Argentina's aggressive program to market its record 1985/86 (October-September) corn export availabilities is displacing U.S. corn exports to traditional U.S. markets, including Mexico, Japan, Brazil, and the EC. Argentina's corn export availabilities currently are forecast at 9.5 million tons, over 30 percent above last year's 7.1 million tons.

Mexico, which traditionally purchases most of its corn from the United States, recently purchased a record 500,000 tons of corn from Argentina. Falling Mexican oil revenues in combination with attractive Argentine prices were the likely reasons for the shift.

Increased imports of favorably-priced Argentine corn, reportedly offered at around US$111 per ton c.i.f., are also displacing U.S. corn sales to Japan. Japanese feed millers reportedly have been active buyers of Argentine corn, purchasing about 750,000 tons for April-June shipment. Trade sources attribute Japan's shift to Argentina and other suppliers to the non-competitiveness of U.S. corn prices and to Japan's reported concerns regarding quality problems with U.S. shipments.

Despite its flinty characteristics, Argentine corn is expected to provide strong competition for U.S. corn sales to the EC, especially during the next several months. Recent reports indicate that Argentine corn has been offered to northern EC countries for as little as US$102 per ton c.i.f.

Argentine Corn Exports to Selected Markets
(October/September - 1,000 MT)

Destination	1981/82	1982/83	1983/84	1984/85	1985/86 1/
Peru	19	30	15	139	NA
Mexico	0	0	0	141	500
Brazil	133	179	269	49	650
EC-10	306	741	703	1,198	NA
Spain	266	802	660	971	NA
Egypt	0	76	196	399	NA
USSR	3,634	2,036	1,695	2,209	NA
Japan	0	34	113	406	750
Others	603	2,587	2,227	1,548	NA
Total	4,961	6,485	5,878	7,060	9,500

1/ Reported sales to date.

SOURCE: Exporter reported data.

CORN and SORGHUM SHIPMENTS by MAJOR EXPORTING COUNTRIES
RECENT MONTHS and SEASON TOTALS for 1984/85-1985/86
(OCTOBER/SEPTEMBER--MILLION TONS)

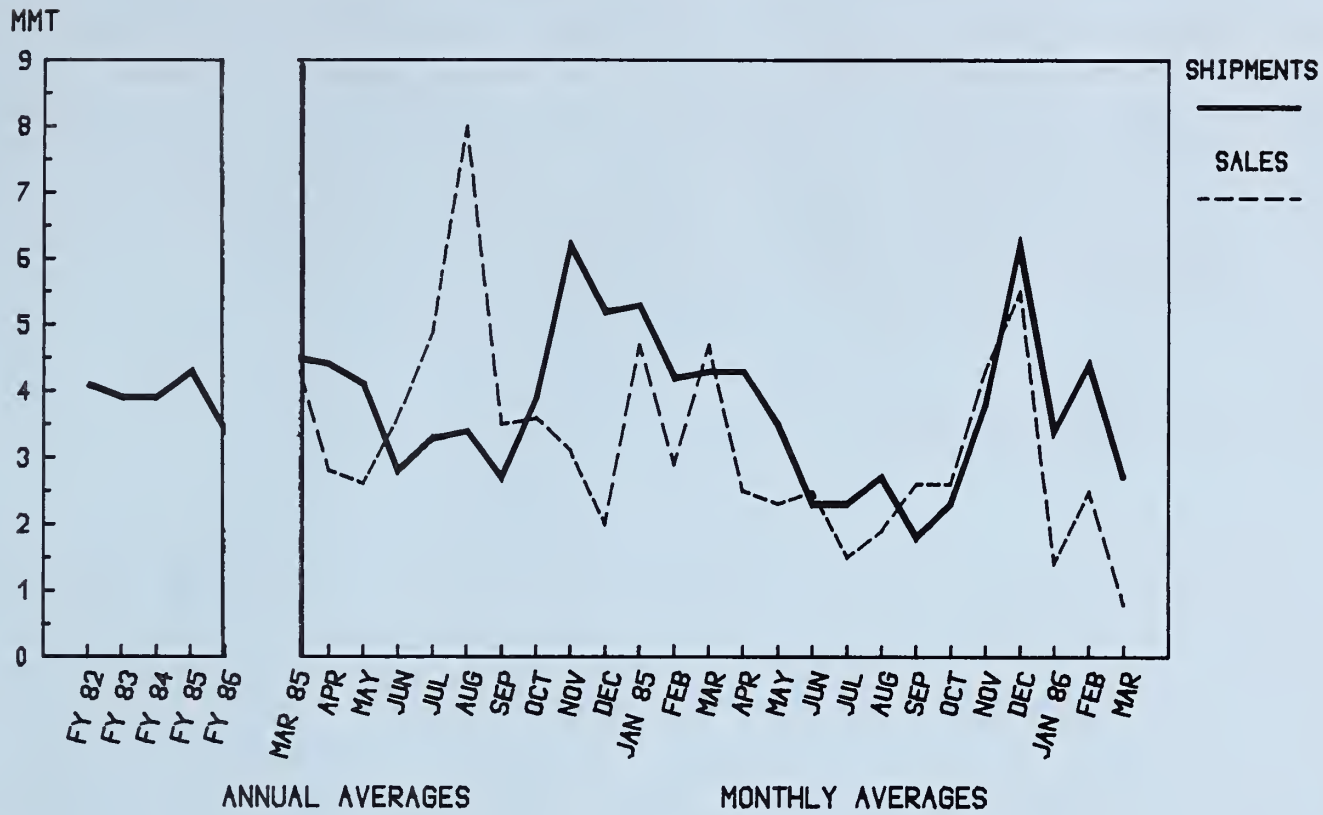
	- SORGHUM -		CORN					
	ARGENTINA		ARGENTINA		THAILAND		--- TOTAL ---	
For Period Ending 1/	84/85	85/86	84/85	85/86	84/85	85/86	84/85	85/86
Dec. 19	.1	.1	.1	.2	.3	.3	.5	.6
Jan. 24	.1	#	#	.1	.3	.3	.4	.4
Feb. 20	#	#	#	#	.2	.3	.2	.3
Mar. 20	.1	.1	.6	.4	.2	.4	.9	.9
Cumulative Since October 1	.5	.3	1.1	.9	2.0	1.8	3.6	2.7
Total for Season 2/	3.4	2.2	7.1	9.5	3.2	3.5	13.7	15.2

1/ Or nearest date.
2/ Forecast for 1985/86.
- Less than 0.1, N/A - Data not available.

Competitive Developments in Selected Foreign Markets

**Mexico: Falling oil revenues have prompted Mexico to maximize feed use of domestic wheat and to maintain smaller grain stocks in order to conserve foreign exchange. These actions likely will reduce opportunities for U.S. corn and sorghum exports to Mexico, which have averaged about 5.5 million tons per year since 1982/83. In recent years, Mexico has imported about 5.8 million tons of coarse grains annually. However, as a result of its worsening financial situation, Mexico currently is projected to import only about 4.1 million tons of coarse grains in 1985/86 (October-September).

U.S. CORN SHIPMENTS AND SALES
ANNUAL MONTHLY AVERAGES FOR FY 1982 - 1986(PROJ)
AND MONTHLY FROM MARCH 1984 - MARCH 1985



U.S. CORN and SORGHUM EXPORT COMMITMENTS to MAJOR DESTINATIONS
(OCTOBER/SEPTEMBER -- 1,000 TONS) 1/

Destination:	1982/83 Total Exports	1983/84 Total Exports	1984/85 Total Exports	1984/85 Committed as of 3/21/85	1985/86 Committed as of 3/20/86
-- CORN --					
EC-12	9,019	7,952	6,061	3,244	2,659
Other W. Europe	169	245	176	155	23
Eastern Europe	1,470	727	693	503	853
USSR	3,200	6,500	15,750	14,266	6,089
China	2,161	18	0	0	0
Japan	13,180	13,781	11,095	8,605	7,181
Taiwan	3,000	2,676	3,134	2,248	1,915
Rep. of Korea .	3,908	2,972	87	483	858
Egypt	1,516	1,303	1,352	810	1,036
Canada	750	283	316	125	17
Mexico	4,091	2,808	1,297	1,082	1,273
Venezuela	892	1,140	638	405	0
Others	3,938	6,992	5,361	4,274	3,240
TOTAL	47,294	47,397	45,960	36,200	25,144
-- SORGHUM --					
Spain	105	465	45	45	0
Other W. Europe (excl. Spain)	251	136	79	66	38
Japan	741	1,505	2,726	2,071	2,128
Israel	341	574	587	480	317
Mexico	3,260	2,758	1,958	1,591	47
Venezuela	243	206	1,093	373	218
Others	462	582	508	591	187
TOTAL	5,403	6,226	6,996	5,216	2,934

1/ Accumulated shipments and sales, excluding sales for next marketing year.

SOURCE: U.S. Bureau of Census and U.S. Export Sales.

Internal Price Policies of Foreign Countries

**Taiwan: Taiwan's Council of Agriculture has proposed that the special levy on imported grains be increased. Although no specific level has been proposed, the increase likely will be at least 7 percent to NT$300 per ton (US$7.50). The current levy of NT$280 per ton is already well above the NT$40 per ton charged just two years ago. The import levy represents an increasingly large hindrance to U.S. grain exports to Taiwan, especially since competing non-grain substitutes, such as manioc and fish meal, are exempt from the levy.

EXPORT PROMOTION ACTIVITIES

**Saudi Arabia: The Agricultural Trade Officer in Jeddah has been working with the Saudi poultry industry to arrange a system of cooperative purchases of U.S. corn. Saudi Arabia's expanding poultry industry has expressed a growing interest in U.S. corn, especially following quality problems with Thai corn. However, most of the U.S. price advantage is offset by the high cost of bagging the small shipments required by most Saudi poultry producers. A system of cooperative buying in bulk shipments of at least 15,000 tons would restore the U.S. advantage in this market. The United States has exported an average of about 250,000 tons of corn to Saudi Arabia in recent years. However, Saudi Arabia's corn import demand could increase substantially if the government were to lower or eliminate the subsidy on barley imports, as has been rumored.

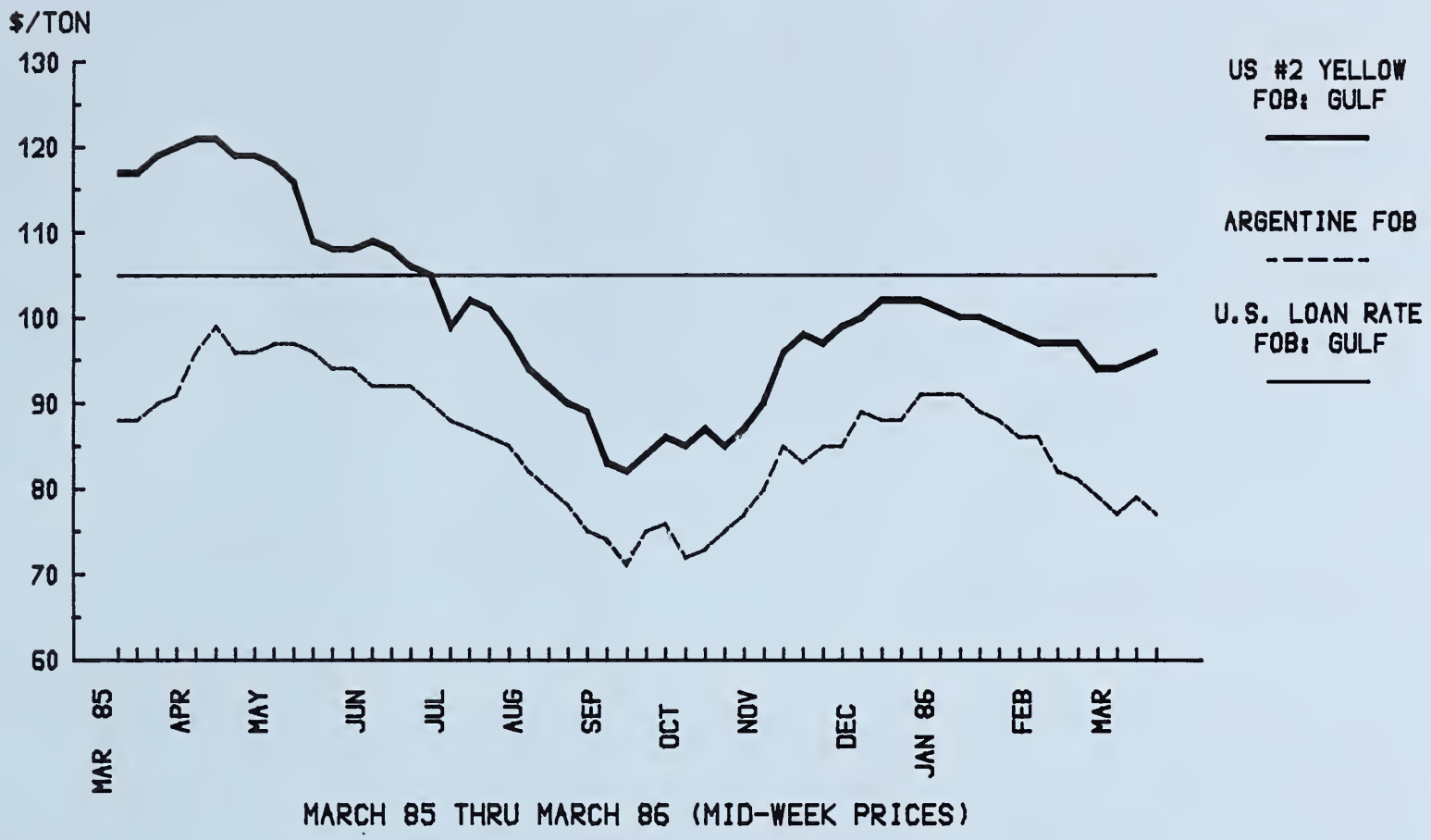
SUPPORTING DATA FOR COVER STORY:

RICE EXPORTS
(Million tons - milled basis)

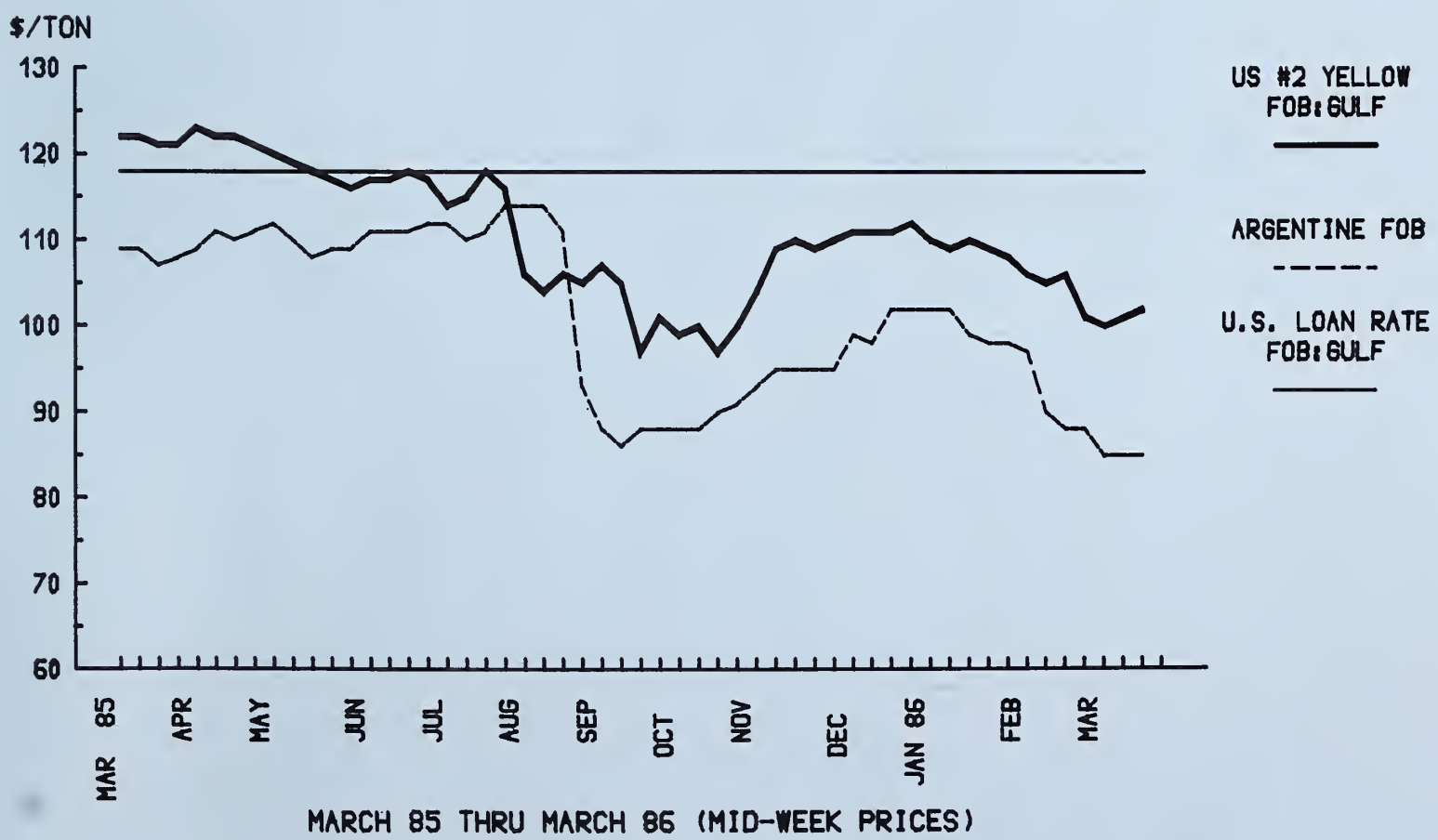
Calendar Year	UNITED STATES Commercial	UNITED STATES PL-480	UNITED STATES Total	THAILAND	ALL OTHERS
1976	1.11	0.92	2.03	1.87	4.50
1977	1.72	0.55	2.26	2.92	5.43
1978	1.72	0.54	2.26	1.57	5.76
1979	1.74	0.53	2.27	2.70	7.00
1980	2.54	0.44	2.98	2.70	7.07
1981	2.66	0.35	3.01	3.05	7.03
1982	1.98	0.51	2.49	3.62	5.72
1983	1.92	0.41	2.33	3.70	5.89
1984	1.72	0.41	2.13	4.53	5.91
1985	1.31	0.60 1/	1.91	3.99	5.55

1/ Preliminary.

SORGHUM EXPORT PRICES
U.S. AND ARGENTINE



CORN EXPORT PRICES
U.S. AND ARGENTINE



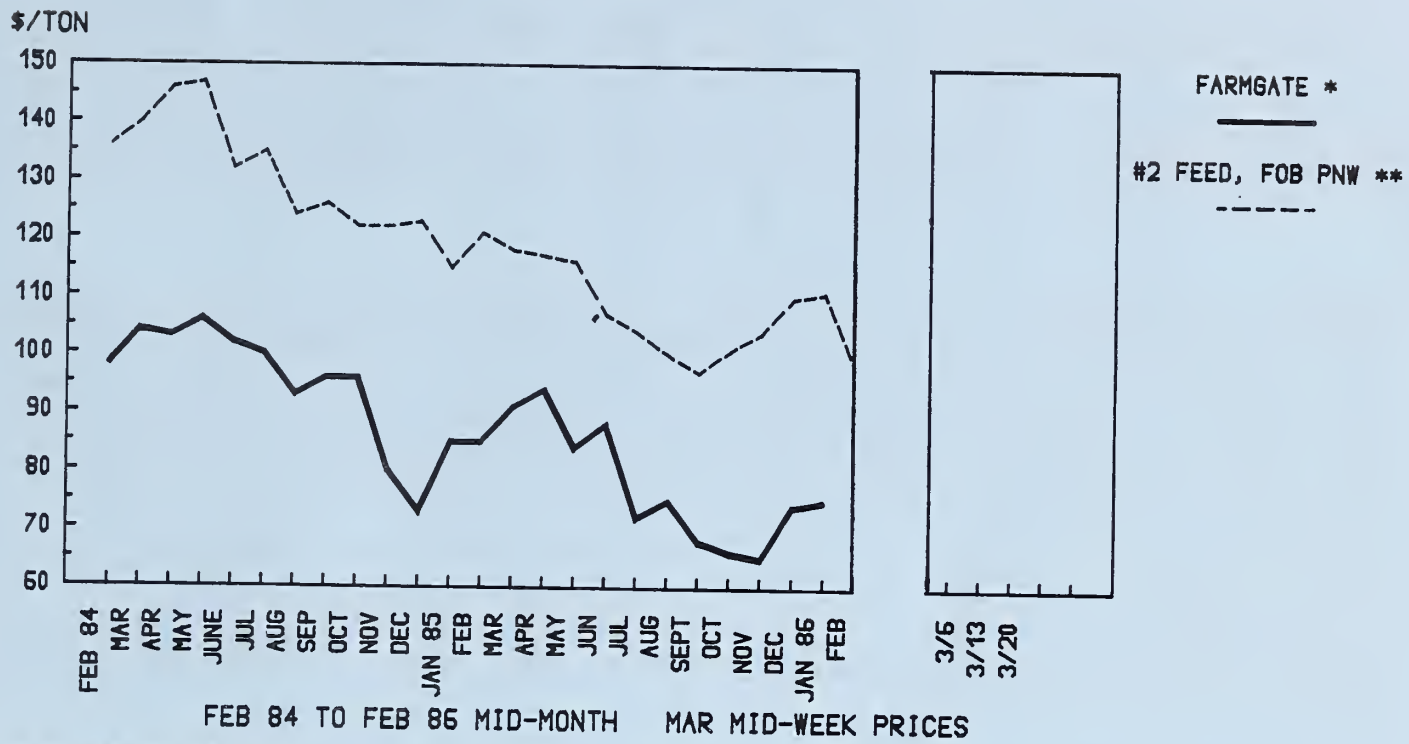
U.S. Exports
(June/May--1,000 tons)

Grain	1983/84	1984/85 1/	1985/86 2/
Barley	1,991	1,676	544
Oats	39	15	30
Rye	25	10	10

1/ Estimated. 2/ Projected.

U.S. MARKET OPPORTUNITIES

**Nigeria: The Commodity Credit Corporation (CCC) has announced a new bonus of $75 per ton on qualifying exports of U.S. barley malt to Nigeria under the Export Enhancement Program (EEP). The bonus payment will be in the form of barley from CCC stocks, and will apply to the first 100,000 tons of barley malt exported to Nigeria prior to Aug. 1, 1986. Nigeria is one of the largest malt importers in Africa, but relies solely on subsidized EC barley malt for its import requirements. The EEP bonus is designed to make U.S. barley malt exports competitive with the subsidized EC barley malt.



* NO QUOTE FOR FEBRUARY OR MARCH
** NO QUOTE FOR MARCH

U.S. BARLEY EXPORT COMMITMENTS to MAJOR DESTINATIONS
(OCTOBER/SEPTEMBER -- 1,000 TONS) 1/

Destination	1982/83 Total Exports	1983/84 Total Exports	1984/85 Total Exports	1984/85 Committed as of 3/21/85	1985/86 Committed as of 3/20/86
EC-12	246	360	105	105	--
Other W. Europe	92	441	353	354	--
Eastern Europe	--	126	--	--	60
Taiwan	146	223	259	259	74
Japan	119	372	314	314	141
Others	317	509	514	493	85
TOTAL.....	920	2,031	1,545	1,523	360

1/ Accumulated shipments and sales, excluding sales for next marketing year.

SOURCE: U.S. Bureau of Census and U.S. Export Sales.

BARLEY SHIPMENTS by MAJOR EXPORTING COUNTRIES
RECENT MONTHS and SEASON TOTALS for 1984/85-1985/86
(OCTOBER/SEPTEMBER--MILLION TONS)

For Period Ending 1/	AUSTRALIA 84/85	AUSTRALIA 85/86	CANADA 84/85	CANADA 85/86	FRANCE 2/ 84/85	FRANCE 2/ 85/86	U.K. 2/ 84/85	U.K. 2/ 85/86	TOTAL 84/85	TOTAL 85/86
Dec. 19	.2	.5	.1	.1	.2	.2	.3	.3	.8	1.1
Jan. 24	.7	1.4	.3	.2	.1	.1	.2	.1	1.3	1.8
Feb. 20	.7	1.0	.1	.3	.2	.1	.2	.2	1.2	1.6
Mar. 20	1.0	.7	.2	.4	.2	.1	.2	.2	1.6	1.4
Cumulative Since October 1	2.9	4.1	1.5	1.3	1.1	1.0	1.3	1.1	6.8	7.5
Total for Season 3/	5.3	4.5	2.5	4.5	2.1	2.0	2.3	2.0	12.2	13.0

1/ Or nearest date.
2/ Excludes intra-EC trade.
3/ Forecast for 1985/86.
- Less than 0.1, N/A - Data not available.

LATEST U.S. EXPORT FORECAST, SHIPMENT AND SALES 1/

Export Forecast: The forecast for the 1985/86 marketing year remains at 1.85 million tons.

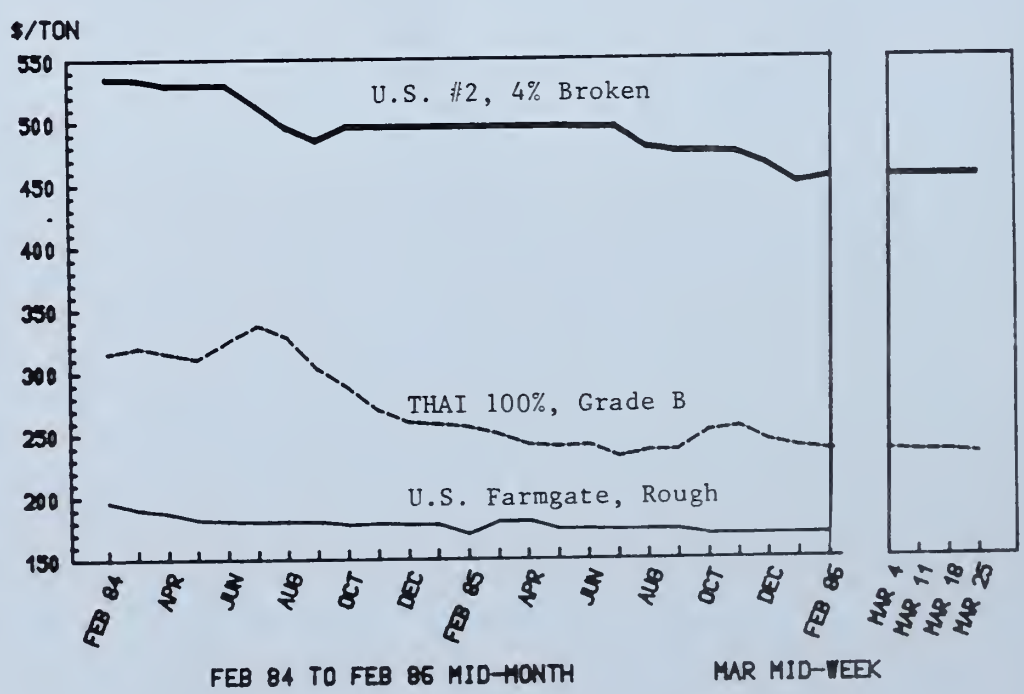
Shipment and Sales: U.S. rice exports during the 4-week period ending March 20 totaled 96,900 tons, up from the previous 4-week total of 84,300 tons. Major destinations included Senegal, Iraq, Saudia Arabia, the EC, and Jamaica. Cumulative shipments for the 1985/86 marketing year through March 20 totaled 1,059,700 tons, or about 11 percent below the level of shipments for the same period one year ago. During the 4-week period ending March 20, registrations of new export sales for delivery in the current marketing year were 27,900 tons, down sharply from the previous 4-week total of 88,100 tons. Export commitments for 1985/86 delivery now total 1,171,700 tons, or approximately 24 percent below the 1,545,100 tons registered as of this date last year.

1/ Shipments and sales are on a product basis.

Weekly U.S. Rice Exports
(Metric Tons)

Week Ending	Actual	4-Week Moving Avg.
Feb 27	15,400	21,125
Mar 6	31,800	25,525
Mar 13	30,200	27,650
Mar 20	19,500	24,225

RICE PRICES
US AND THAI (C&F ROTTERDAM) AND US FARM



IMPORTER BUYING ACTIVITY

Buying activity has again slowed from previous months, awaiting the new price structure in April. Iran purchased about 105,000 tons of 100 percent B from Thailand, while Peru reportedly purchased 40,000 tons from China, 20,000 from Pakistan, and 20,000 from Thailand. Sources also note that Iran is negotiating with Thailand for another 100,000 tons, and will purchase about 400,000 tons by the end of the year.

OTHER DEVELOPMENTS AFFECTING U.S. EXPORTS

After three weeks of no movement, Thailand's Board of Trade lowered posted export prices for all grades of rice during the past week. Actual export prices of 100 percent B and parboiled 5 percent fell slightly from the $188 and $142 per ton, respectively, reported last month. Last year at this time, 100 percent B was selling at $194-196 per ton, while parboiled 5 percent was available at $183-186 per ton. A-1 Special broken rice is stronger at about $99 per ton, compared with $160 per ton at this time last year.

On the Rotterdam market, U.S. #2/4 percent long grain has not changed at $455 per ton c.&f., while Thai 100 percent B has dropped to $232 per ton c.&f. in very light trading.

**Thailand: Thai exports increased sharply during the past 5 weeks to 600,947 tons, up from the 344,180-ton level of the previously reported 1-month period. Calendar year exports through March 15 totaled 990,000 tons, compared with 1,047,000 tons for the same period last year.

Weekly Thai Rice Exports
(Metric Tons)

Week Ending	Actual	4-Week Moving Avg.
Feb 15	63,653	85,005
Feb 22	106,574	93,983
Mar 1	117,938	99,408
Mar 8	161,886	112,513
Mar 15	150,896	134,324

Apparent export commitments for calendar year 1986 as of March 19 are estimated at 1,371,720 tons (as-is basis), compared with 2,166,019 tons registered by March 20 of last year, a drop of 37 percent.

**South Africa: Thailand has offered parboiled rice to South Africa at US$190 per ton landed, though at this price it is a lower quality than they normally import. Higher quality parboiled rice is arriving at US$245 per ton.

**Ivory Coast: Traders in the Ivory Coast have reportedly purchased 180,000 tons of Thai rice since January for delivery this year. They are expected to take about 250,000 tons total in CY1986. A recent purchase of 10,000 tons of 35 percent Thai rice was reportedly sold for $200 c.i.f. Abidjan.

**Brazil: The Interministerial Food Supply Council (CINAB) met in mid-March and approved the importation of 500,000 tons of rice to increase government stocks. They reportedly will begin buying rice in May for this purpose. CINAB also stated that total imports for 1986 will be closer to 1.2 million tons, rather than the 1.4 million tons previously authorized.

**Pakistan: The Rice Export Corporation of Pakistan reported exports of 82,410 tons in January, valued at US$22.6 million. Saudia Arabia, Togo, Angola, Sri Lanka, and Madagascar received the bulk of the shipments.

U.S. EXPORT EXPANSION ACTIVITIES

**GSM-102: Credit Guarantees of $148.1 million remain for Iraq and $8.9 million for Jamaica. Credit lines for other eligible countries remain at allocated levels: Brazil $50.0 million and Portugal $19.0 million.

**PL-480: Fiscal year 1986 PL-480 agreements have been signed with Bangladesh, Guinea, Jamaica, Madagascar, Senegal, Somalia, and Yemen Arab Republic. See table below for details of the agreements.

STATUS OF FY 86 TITLE I/III OBLIGATIONS
AS OF 3/20/86
(1,000 MT,$MILLION)

COUNTRY DATES	AGREEMENTS QTY	AGREEMENTS VALUE	PA'S ISSUED QTY	PA'S ISSUED VALUE	SALES QTY	SALES VALUE	TYPE & PRICE $/MT
BANGLADESH	35.0	10.0					
GUINEA	20.0	6.0	20.0	6.0	10.0	3.1	LG 296-308
JAMAICA	22.0	6.0	22.0	6.0	11.6	3.5	B LG 296-305
MADAGASCAR	13.8	4.0					
SENEGAL	18.3	5.5	18.3	5.5	22.4	5.5	16.8 MT MG 240-252 5.6 MT LG 245-249
SOMALIA	17.0	4.4					
YEMEN (YAR)	13.0	5.0					

RECENT RICE IMPORTER BUYING ACTIVITY
REPORTED BETWEEN FEBRUARY 27, AND MARCH 26, 1986

Buyer	Origin	Quantity 1,000 Tons	Quality 1/	Price $/MT 2/	Delivery Period	Date of Report
Brazil	Thailand	25.0	10%	179.50	Feb/Mar	3/20
	Thailand	10.0	10%	179.50	Feb/Mar	3/24
China	Thailand	1.0	A-1 Spec	N/A	N/A	3/18
Gambia	Thailand	5.0	A-1 Spec	N/A	N/A	3/24
Iran	Thailand	30.0	100% B	198	Apr	3/20
	Thailand	30.0	100% B	186	May/Jun	3/20
	Thailand	45.0	100% B	N/A	Mar/Apr	3/20
Italy	Thailand	3.0	B 100% B	N/A	Apr	3/24
Ivory Coast	Thailand	10.0	35%	200	May	3/24
Mauritania	Thailand	4.5	A-1 Spec	N/A	N/A	3/20
Netherlands	Thailand	3.0	A-1 Spec	N/A	N/A	3/20
Peru	Thailand	20.0	25%	182	May	3/24
	Pakistan	20.0	25%	185	May	3/24
	China	40.0	25%	N/A	N/A	3/24
Saudia Arabia	Thailand	3.0	P 100% B	N/A	N/A	3/24
Yemen, North	Thailand	15.0	100% B	173	N/A	3/24
Yemen, South	Thailand	14.6	P 10%	164	Mar/May	3/20
Zaire	Thailand	8.0	35%	150.50	N/A	3/20
N/A	Costa Rica	10.0	N/A	230	N/A	3/23

1/ P = Parboiled, LG = Long Grain, MG = Medium Grain, SG = Short Grain, Br = Brown, F = Fragrant, L/Bld = Long, Boiled, F/Bld = Full Boiled, Gl = Glutinous, S = Super, Spec = Special

2/ F.O.B. basis unless otherwise indicated. Price information is in many cases unconfirmed and as reported through unofficial market sources.

U.S. RICE EXPORT COMMITMENTS BY CLASS TO MAJOR DESTINATIONS
FOR 1982/83-1984/85, AND AUGUST 1 THROUGH MARCH 20 FOR 1985/86
(AUGUST/JULY - 1,000 MT)

Destination	Marketing Year	Long Grain Milled	Long Grain Brown 2/	Other 1/ Milled	Other 1/ Brown	Total Exports
EC-10	1982/83	1	214	15	--	230
	1983/84	29	192	2	70	293
	1984/85	10	209	7	98	331
	1985/86	*	116	1	--	117
Other W. Europe	1982/83	33	54	3	4	94
	1983/84	23	35	3	138	199
	1984/85	26	31	4	63	125
	1985/86	18	16	1	--	35
Iraq	1982/83	327	--	*	--	327
	1983/84	230	--	2	--	232
	1984/85	429	15	1	--	445
	1985/86	365	--	--	--	365
Saudi Arabia	1982/83	267	--	2	--	269
	1983/84	253	--	6	--	259
	1984/85	239	--	6	--	245
	1985/86	104	--	*	--	104
Other Middle East	1982/83	48	--	2	--	50
	1983/84	40	--	12	--	52
	1984/85	41	--	4	--	45
	1985/86	6	--	3	--	9
Republic of Korea	1982/83	--	--	*	213	213
	1983/84	--	--	*	112	112
	1984/85	--	--	--	--	--
	1985/86	--	--	--	--	--
Other Asia & Oceania	1982/83	2	--	129	--	131
	1983/84	3	--	140	--	143
	1984/85	3	--	99	--	102
	1985/86	1	--	7	152	160
Nigeria	1982/83	159	--	--	--	159
	1983/84	63	--	--	--	63
	1984/85	*	--	--	--	--
	1985/86	--	--	--	--	--
Other Africa	1982/83	148	110	153	4	415
	1983/84	95	150	136	--	381
	1984/85	116	65	278	11	470
	1985/86	86	40	97	10	233
Western Hemisphere	1982/83	137	23	86	38	284
	1983/84	156	24	109	14	303
	1984/85	137	48	13	19	217
	1985/86	70	61	7	13	151
Total 3/	1982/83	1,148	400	392	259	2,199
	1983/84	900	401	408	338	2,047
	1984/85	985	389	422	190	1,986
	1985/86	650	230	117	175	1,172

* Less than 500 tons.
1/ Includes short, medium, and mixed.
2/ Data not converted to a milled equivalency, and includes rough rice.
3/ Discrepancies due to rounding and changes to unknown destinations.

SOURCE: U.S. Export Sales Report

U.S. Rice
Supply/Distribution
1960/61 - 1985/86 (August-July)

	Area Harvested 1/	Yield	Rough Production	Beginning Stocks	Milled Production	Imports	Exports	Domestic Utilization
	1000 HA	MT/HA	1000 MT	(----------Thousand Metric Tons Milled Basis				----------)
1960/61	645	3.84	2,477	395	1,756	9	919	911
1961/62	643	3.82	2,459	330	1,763	13	936	997
1962/63	718	4.17	2,996	173	2,133	1	1,119	937
1963/64	717	4.45	3,188	251	2,295	1	1,385	917
1964/65	723	4.59	3,318	245	2,386	15	1,387	1,008
1965/66	725	4.77	3,460	251	2,497	22	1,418	1,081
1966/67	796	4.84	3,856	271	2,805	---	1,719	1,079
1967/68	797	5.09	4,054	278	2,950	---	1,816	1,190
1968/69	952	4.96	4,723	222	3,459	---	1,729	1,420
1969/70	861	4.84	4,169	532	3,003	7	1,781	1,220
1970/71	734	5.18	3,801	536	2,796	48	1,461	1,308
1971/72	736	5.28	3,890	611	2,838	36	1,804	1,309
1972/73	736	5.26	3,875	372	2,828	17	1,726	1,324
1973/74	878	4.79	4,208	167	3,034	7	1,604	1,349
1974/75	1,024	4.97	5,098	255	3,667	---	2,194	1,496
1975/76	1,140	5.23	5,824	232	4,099	---	1,732	1,394
1976/77	1,004	5.23	5,244	1,205	3,781	3	2,097	1,618
1977/78	910	4.94	4,500	1,274	3,120	3	2,270	1,248
1978/79	1,202	5.01	6,039	879	4,271	3	2,431	1,708
1979/80	1,161	5.16	5,986	1,014	4,324	3	2,706	1,794
1980/81	1,340	4.95	6,629	841	4,838	7	3,028	2,113
1981/82	1,535	5.40	8,289	545	5,974	13	2,683	2,247
1982/83	1,320	5.28	6,969	1,602	4,948	21	2,219	2,049
1983/84	878	5.15	4,523	2,303	3,216	27	2,272	1,761
1984/85	1,134	5.55	6,296	1,513	4,382	50	1,961	1,886
1985/86 2/	1,013	6.09	6,170	2,098	4,381	60	1,850	1,873
				2,816				

	Million Acres	CWT/Ac.	(----------Million Hundredweight Rough Basis				----------)
1975/76	2.8	45.58	128.4	7.1	---	56.5	42.1
1976/77	2.5	46.63	115.6	36.9	0.1	65.6	46.5
1977/78	2.2	44.12	99.2	40.5	0.1	72.8	39.6
1978/79	3.0	44.84	133.2	27.4	0.1	75.7	53.4
1979/80	2.9	45.99	131.9	31.6	0.1	82.6	55.3
1980/81	3.3	44.13	146.2	25.7	0.2	91.4	64.2
1981/82	3.8	48.19	182.7	16.5	0.4	82.0	68.6
1982/83	3.3	47.10	153.6	49.0	0.7	68.9	62.9
1983/84	2.2	45.98	99.7	71.5	0.7	70.3	54.7
1984/85	2.8	49.54	138.8	46.9	1.5	62.1	60.4
1985/86 2/	2.5	54.37	136.0	64.7	2.0	57.0	60.0
				85.7			

1/ The statistical discrepancy in the Supply/Use Report is included in Domestic Utilization in the Milled Basis Section of the Table as well as in consumption reported on a hundred weight rough basis.
2/ Projected

Source: "Agricultural Supply Demand Estimate" Report, USDA/WFB, March 10, 1986.

U.S. WHEAT, CORN, SORGHUM, BARLEY, OATS, and RYE SUPPLY and DISTRIBUTION
FOR APPROPRIATE COMMODITY MARKETING YEAR
(MILLION BUSHELS, MILLION ACRES) 1/

WHEAT:	Beginning Stocks	Area Harvested	Yield (Bu/Acre)	Production	Imports	Exports	Feed Use	Total Domestic Use
1976/77	666	70.9	30.3	2,149	3	950	75	755
1977/78	1,113	66.7	30.7	2,046	2	1,124	192	859
1978/79	1,178	56.5	31.4	1,776	2	1,194	158	837
1979/80	924	62.5	34.2	2,134	2	1,375	86	783
1980/81	902	71.1	33.5	2,381	3	1,514	60	783
1981/82	989	80.6	34.5	2,785	3	1,771	135	847
1982/83	1,159	77.9	35.5	2,765	8	1,509	195	908
1983/84	1,515	61.4	39.4	2,420	4	1,429	369	1,111
1984/85	1,399	66.9	38.8	2,595	8	1,424	411	1,153
1985/86	1,425	64.7	37.5	2,425	12	900	325	1,075
1986/87	1,887							
CORN:								
1976/77	400	71.5	88.0	6,289	3	1,684	3,609	4,122
1977/78	886	70.6	92.1	6,505	3	1,948	3,744	4,334
1978/79	1,111	71.9	101.0	7,268	1	2,133	4,323	4,943
1979/80	1,304	72.4	109.5	7,928	1	2,433	4,508	5,183
1980/81	1,617	73.0	91.0	6,639	1	2,355	4,133	4,868
1981/82	1,034	74.6	108.9	8,119	1	1,967	4,201	5,013
1982/83	2,174	72.7	113.2	8,235	1	1,870	4,522	5,420
1983/84	3,120	51.5	81.1	4,175	2	1,865	3,736	4,709
1984/85	723	71.9	106.7	7,674	3	1,838	4,117	5,182
1985/86	1,381	75.1	118.0	8,865	2	1,525	4,100	5,220
1986/87	3,503							
SORGHUM:								
1976/77	51	14.5	49.0	711	0	246	419	425
1977/78	91	13.8	56.6	781	0	213	456	468
1978/79	191	13.4	54.5	731	0	207	544	555
1979/80	160	12.9	62.6	807	0	325	483	496
1980/81	146	12.5	46.3	579	0	299	306	317
1981/82	109	13.7	64.0	876	0	249	429	440
1982/83	296	14.1	59.1	835	0	214	507	517
1983/84	400	10.0	48.7	488	0	246	381	391
1984/85	251	15.3	56.4	866	0	299	526	547
1985/86	271	16.7	66.7	1,113	0	250	575	595
1986/87	539							
BARLEY:								
1976/77	128	8.4	45.6	383	11	66	172	330
1977/78	126	9.7	44.0	428	9	57	177	333
1978/79	173	9.2	49.2	455	10	26	217	384
1979/80	228	7.5	50.9	383	12	55	204	376
1980/81	192	7.3	49.7	361	10	77	174	349
1981/82	137	9.0	52.4	474	10	100	198	372
1982/83	148	9.0	57.2	516	11	47	241	411
1983/84	217	9.7	52.3	509	7	92	283	452
1984/85	189	11.2	53.4	599	10	77	304	474
1985/86	247	11.5	51.0	589	7	25	300	470
1986/87	349							
OATS:								
1976/77	205	11.8	45.9	540	2	10	490	573
1977/78	164	13.5	55.6	753	2	12	509	594
1978/79	313	11.1	52.3	582	1	13	525	603
1979/80	280	9.7	54.4	527	1	4	492	568
1980/81	236	8.7	53.0	459	1	13	432	506
1981/82	177	9.4	54.2	510	2	7	454	530
1982/83	152	10.3	57.8	593	4	3	441	526
1983/84	220	9.1	52.6	477	30	2	466	544
1984/85	181	8.2	58.0	474	34	1	433	507
1985/86	180	8.2	63.6	519	25	2	475	555
1986/87	167							
RYE:								
1976/77	4	0.7	21.4	15	0	0	5	15
1977/78	4	0.7	24.4	17	0	0	7	17
1978/79	4	0.9	26.0	24	0	0	8	19
1979/80	9	0.9	25.7	22	0	2	7	17
1980/81	12	0.7	24.6	16	0	8	7	16
1981/82	4	0.7	26.6	18	0	2	8	18
1982/83	3	0.7	28.9	20	3	0	10	20
1983/84	6	0.9	30.3	27	2	1	12	22
1984/85	11	1.0	33.0	32	1	1	14	24
1985/86	20	0.7	30.0	21	2	1	13	23
1986/87	18							

1/ Commodity Marketing Years as follows: Wheat, Barley, Oats, and Rye - June/May, Corn and Sorghum - October/September.

SOURCE: World Agricultural Supply and Demand Estimates, No. 191 - March 10, 1986.

QUANTITY and VALUE of U.S. GRAIN and FEED COMMODITY EXPORTS
IN FISCAL YEAR 1985 with COMPARISON to the PRECEDING YEAR

COMMODITY	JANUARY FY 85	JANUARY FY 86	CUMULATIVE OCT THRU JAN FY 85	CUMULATIVE OCT THRU JAN FY 86	ACTUAL EXPORTS FY 85	PROJECTED EXPORTS FY 86
WHEAT (grain only)						
Quantity (1000 tons).....	2,896	1,896	12,871	8,153	28,524	28,000
Value Per Ton (dollars).....	$153	$141	$152	$138	$149	$128
Value (in million dollars)....	$444	$267	$1,961	$1,126	$4,263	$3,584
CORN (grain only)						
Quantity (1000 tons).....	5,278	4,170	20,588	17,136	46,276	38,300
Value Per Ton (dollars).....	$125	$112	$127	$107	$125	$112
Value (in million dollars)....	$659	$466	$2,614	$1,838	$5,771	$4,290
SORGHUM (grain only)						
Quantity (1000 tons).....	735	436	2,876	1,775	7,549	6,350
Value Per Ton (dollars).....	$117	$101	$113	$93	$115	$100
Value (in million dollars)....	$86	$44	$326	$165	$868	$635
BARLEY, OATS, AND RYE (grain only)						
Quantity (1000 tons).....	131	25	763	172	1,202	800
Value Per Ton (dollars).....	$122	$120	$130	$105	$122	$105
Value (in million dollars)....	$16	$3	$99	$18	$147	$84
TOTAL COARSE GRAINS (grain only)						
Quantity (1000 tons).....	6,144	4,631	24,047	19,083	55,027	45,450
Value Per Ton (dollars).....	$124	$111	$126	$106	$123	$110
Value (in million dollars)....	$761	$513	$3,039	$2,021	$6,786	$5,009
RICE (grain only)						
Quantity (1000 tons).....	123	129	590	594	1,908	1,800
Value Per Ton (dollars).....	$317	$388	$375	$370	$354	$350
Value (in million dollars)....	$39	$50	$221	$220	$676	$630
PULSES						
Quantity (1000 tons).....	29	43	188	191	425	425
Value Per Ton (dollars).....	$448	$395	$463	$450	$461	$471
Value (in million dollars)....	$13	$17	$87	$86	$196	$200
FLOUR AND OTHER GRAIN PRODUCTS						
Quantity (1000 tons).....	139	227	749	966	2,481	3,100
Value Per Ton (dollars).....	$259	$185	$195	$181	$223	$212
Value (in million dollars)....	$36	$42	$146	$175	$554	$656
FORAGE, HAY, MIXED FEED AND GRAIN BYPRODUCTS						
Quantity (1000 tons).....	548	728	2,132	2,492	6,395	6,400
Value Per Ton (dollars).....	$155	$146	$159	$148	$151	$152
Value (in million dollars)....	$85	$106	$338	$370	$964	$975
TOTAL VOLUME (in thousand tons)	9,879	7,644	40,577	31,469	94,760	85,175
TOTAL VALUE (in million dollars)	$1,378	$995	$5,792	$3,998	$13,439	11,054

SOURCE: U.S. Bureau of Census.

U.S. Wheat Programs

	1984 Program		1985 Program		1986 Program	
	Equivalent: Export Price 1/ ($/Ton)	Farm Price ($/Bu.)	Equivalent: Export Price 1/ ($/Ton)	Farm Price ($/Bu.)	Equivalent: Export Price 1/ ($/Ton)	Farm Price ($/Bu.)
Trigger Release Price	$200	$4.45	$200	$4.45	--	--
Target Price	$198	$4.38	$198	$4.38	$198	$4.38
Loan (Reserve)	$158	$3.30	--	--		
National Loan	$158	$3.30	$158	$3.30	$125	$2.40
Season Average Producer Price	$161	$3.38	$147-154	$3.00-3.20	--	--
Farm Price	--	--	$151	$3.12 2/	--	--
Paid Diversion	$136	$2.70	$136	$2.70	--	$2.00 Winter $1.10 Spring

1/ Estimated equivalent, adjusted from $/Bu. at the farm level by including transportation and handling allowances of $1.00 per bushel.
2/ ASCS 5-day moving average as of March 10, 1986

U.S. Corn Programs

	1984 Program		1985 Program		1986 Program	
	Equivalent: Export Price 1/ ($/Ton)	Farm Price ($/Bu.)	Equivalent: Export Price 1/ ($/Ton)	Farm Price ($/Bu.)	Equivalent: Export Price 1/ ($/Ton)	Farm Price ($/Bu.)
Trigger Release Price	$159	$3.25	$159	$3.25	--	--
Target Price	$151	$3.03	$151	$3.03	$151	$3.03
Loan (Reserve)	$136	$2.65	$132	$2.55	--	--
National Loan	$132	$2.55	$132	$2.55	$107	$1.92
Season Average Producer Price	$136	$2.65	$122-130	$2.30-2.50		
Farm Price	--	--	$121	$2.25	--	--
Paid Diversion	--	--	--	--	--	$0.73

1/ Estimated equivalent, adjusted from $/Bu. at the farm level by including transportation and handling allowances of $.80 per bushel.
2/ ASCS 5-day moving average as of March 10, 1986

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Grains

MAR 25 '86

Export Markets for U.S. Grain and Products

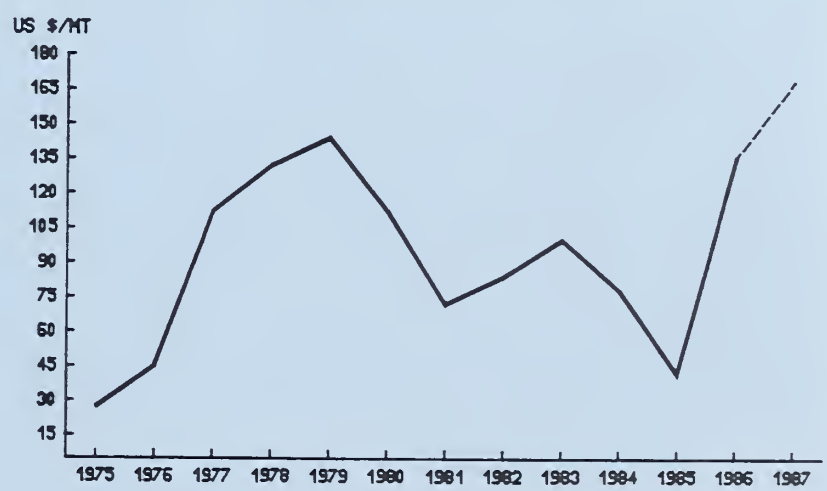
EMG-2-86
February 1986

CURRENT SERIAL RECORDS

EC import levies on grain in the coming year are likely to climb to record highs, and may at times become so large that importers will have to pay more for levy than for the cost-plus-freight to bring in foreign grain. This month's cover graphs illustrate the movements in the European Community's import levy for wheat and corn from 1975-1986, and present a forecast level for 1987. Since early 1985, EC import levies have been rising, largely as a result of declining world prices and the weakening dollar. If world prices parallel the drop in U.S. wheat and corn loan rates for 1986, the EC levy one year from now will have risen further. A continuation of the ECU's recent appreciation in value (relative to the dollar) would cause the levy to rise even more.

EC IMPORT LEVY FOR CORN 1/

EC IMPORT LEVY FOR WHEAT 1/



1/ All levies as of first week of February for each year.
NOTE: 1987 level (dashed line) assumes that: (1) EC threshold remains unchanged from 1986, (2) world prices between February 1986 and February 1987 decline by an amount equal to the decline in the U.S. loan rate, and (3) exchange rates remain stable.

Supporting data on page 25.

Approved by the World Agricultural Outlook Board - USDA

EXPORT MARKETS FOR U.S. GRAIN AND FEED COMMODITIES
February 28, 1986

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HIGHLIGHTS

Significant developments over the past month affecting U.S. exports:

-- Brazil reportedly intends to use GSM-102 credit for wheat purchases.

-- Reduced Argentine wheat export availabilities could provide opportunities for increased U.S. wheat sales.

-- Brazil and Canada have renewed their 3-year wheat ageement.

-- South Korean millers recently made their second `trial' purchase of Argentine milling wheat

-- Japanese millers object to continued increases in domestic wheat production.

-- China's agricultural policy emphasizes increased grain production.

-- Brazil may substitute 650,000 tons of Argentine corn for wheat.

-- Argentina's near record corn export availabilities will likely provide increased competition for U.S. corn exports.

-- Canada's aggressive campaign to market large feed wheat supplies will mean increased competition for U.S. feed grains.

-- Spain may stop importing U.S. corn after implementation of the European Cummunity's Common Agricultural Policy on March 1.

-- Proposed changes in Egypt's feed import policy could result in a significant increase in imports of U.S. corn

-- Thailand announces rice export target of 4.0 million tons for 1986.

-- Brazil has been given $50-million in GSM-102 credit for rice purchases.

This circular was prepared by the Grain and Feed Division, Commodity and Marketing Programs, FAS/USDA. Telephone: (202) 447-2009

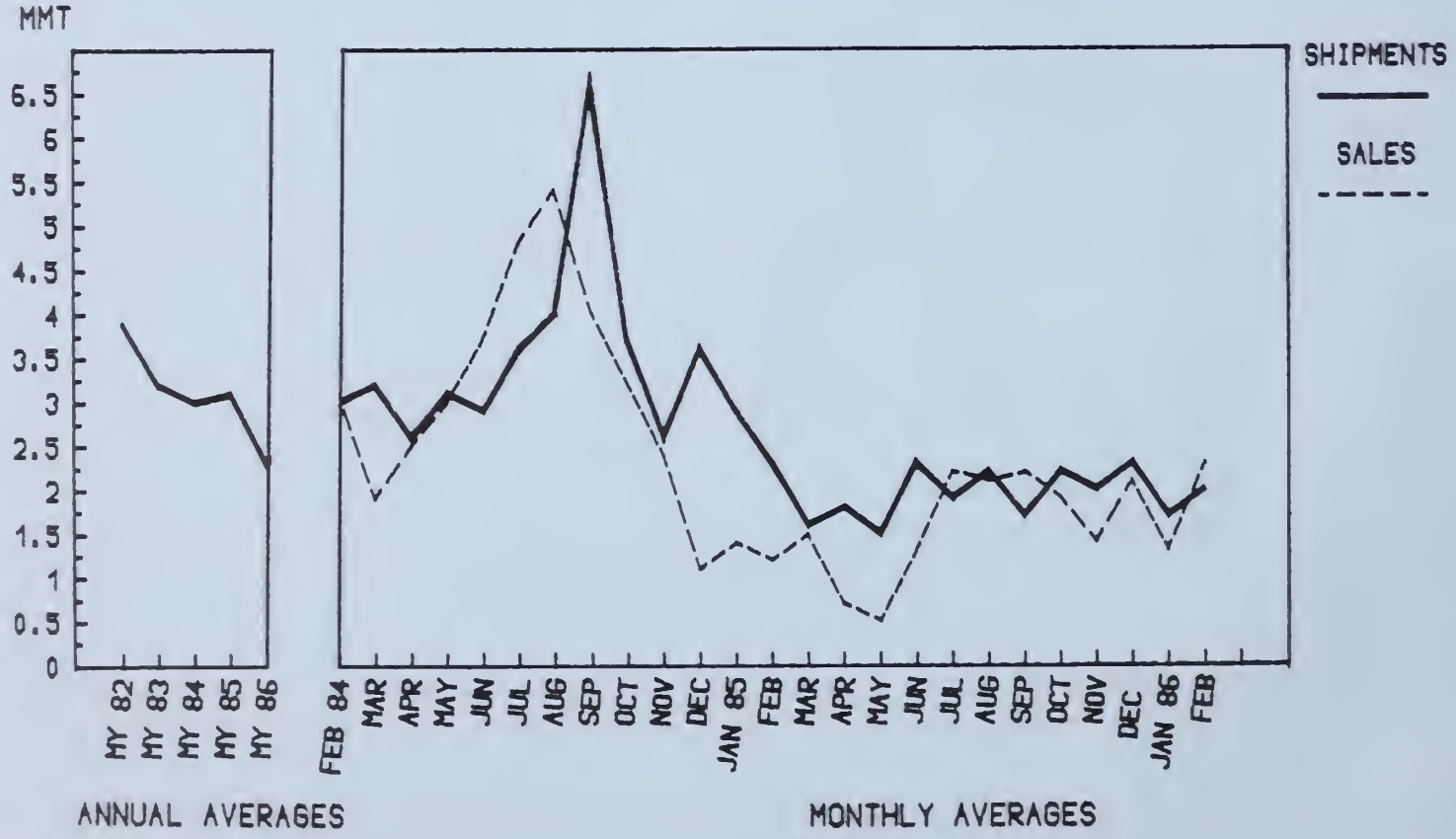
WHEAT

LATEST U.S. EXPORT FORECAST, SHIPMENTS, AND SALES

Export Forecast: As of mid-February, the 1985/86 (June-May) U.S. wheat export forecast remained unchanged from a month ago at 25.9 million tons, the lowest level since the 1976/77 marketing year. Accumulated sales and exports through February 20 totaled 20.8 million tons, nearly 40 percent below last year's level of 33.9 million tons. Significantly reduced purchases by the Soviet Union, China, and Brazil are responsible for the bulk of the deficit. Despite lagging sales, the current U.S. forecast is supported by the lowering of Argentina's estimated export availabilities.

Shipments and Sales: Wheat shipments in the 4-week period ending February 20 totaled 1.7 million tons, while new sales of 1.6 million tons were below the level required to meet this year's forecast. Leading destinations this month included Japan, South Korea, Sudan, and Bangladesh. Major sales were made to Morocco, Japan, Egypt, Turkey, and South Korea.

U.S. WHEAT SHIPMENTS AND SALES
ANNUAL MONTHLY AVERAGES FOR MY 1982 - 1986(PROJ)
AND MONTHLY FROM FEBRUARY 1984 - FEBRUARY 1986



MY IS JUNE/MAY MARKETING YEAR

U.S. WHEAT SHIPMENTS, SALES, and INSPECTIONS
(JUNE/MAY--MILLION TONS)

------ Monthly SHIPMENTS ------		
For Period Ending	1984/85	1985/86
Nov. 14	2.9	2.0
Dec. 20	3.3	2.3
Jan. 23	3.2	2.0
Feb. 20	2.3	1.7
Cumulative for MY..	30.5	17.3

------ Monthly SALES 1/ ------		
For Period Ending	1984/85	1985/86
Nov. 14	3.1	1.4
Dec. 20	1.1	2.1
Jan. 23	2.5	2.1
Feb. 20	1.2	1.6
Cumulative for MY..	34.3	21.6

Weekly and Annual INSPECTION Rates	MT	BU
Week Ending February 13	0.3	11.2
Week Ending February 20	0.5	19.2
Official Estimate for 1985/86 (Grain only)	24.1	885
Implied Weekly Average	0.5	17.0
Weekly Average for Latest Six Weeks	0.4	16.1
Marketing Year-to-Date Weekly Average	0.5	17.1
MY Year-to-Date Average Extrapolated Annually	24.2	891
Weekly Average Required during Remainder of MY to Achieve Official Estimate ..	0.5	16.7

1/ Sales made since the beginning of the applicable marketing year, including sales for shipment in the next marketing year.

SOURCE: Shipments and sales data from U.S. Export Sales. Inspections data from the Federal Grain Inspection Service.

SUPPLY and DISTRIBUTION of U.S. WHEAT by CLASS
(MILLION BUSHELS)

Marketing Year beginning June 1	Hard Winter	Hard Spring	Soft Red	White	Durum	Total
--- 1984/85 ---						
Beginning Stocks	745	314	74	167	99	1,399
Production	1,251	409	531	301	103	2,595
Total Supply 1/	1,996	725	605	470	207	4,003
Domestic Use	562	171	288	87	46	1,153
Exports	717	183	253	210	61	1,424
Total Use	1,279	354	541	297	107	2,577
Ending Stocks	717	371	64	173	100	1,426
--- 1985/86 ---						
Beginning Stocks	717	371	64	173	100	1,426
Production	1,230	460	368	254	113	2,425
Total Supply 1/	1,947	836	432	429	218	3,862
Domestic Use	553	181	212	76	53	1,075
Exports	445	160	160	140	45	950
Total Use	998	341	372	216	98	2,025
Ending Stocks	949	495	60	213	120	1,837

1/ Includes imports.

SOURCE: World Agricultural Supply and Demand Estimates, No. 190 - February 10, 1986.

IMPORTER BUYING ACTIVITY

WHEAT and FLOUR IMPORTER BUYING ACTIVITY
REPORTED between JANUARY 29, 1985 and FEBRUARY 27, 1986

Date of Purchase	Buyer	Origin	Quantity (tons)	Grade 1/	Price Range 2/ ($US per ton)	Delivery Period 3/
1/29	Korea	U.S.	22,500	White, HRW HRS	Various	Mar
1/30	Japan	U.S.	74,141	HRW	?	Mar
	Japan	Australia	19,047	Wheat	?	Mar
	Japan	Canada	19,047	CWRS	?	Mar
2/4	Jamaica	U.S.	13,400	HRS 14%	153.55	Feb-Mar
	Jamaica	U.S.	16,000	SRW	133.89	Feb-Mar
2/6	Sudan	U.S.	125,562	HRW 11%	130.49 FOB	F-M-A
2/11	Sudan	U.S.	37,121	Wheat Flour	214.95 FAS	Mar 3-25
	Ecuador	U.S.	70,000	HRW 12%	137.29 C&F	Aug/Sept
2/12	Japan	U.S.	57,141	White, HRW HRS	?	April
	Japan	Canada	34,200	CWRS	?	April
	Japan	Australia	31,500	ASW Pr. Hard	?	April
2/19	Costa Rica	U.S.	4,000	No.3 HAD	152.14	Mar
	Costa Rica	U.S.	12,000	HRS 14%	154.37	Mar
2/20	El Salvador	U.S.	14,900	HRS 14.3%	157.94	Mar 1-15
	El Salvador	U.S.	11,700	SRW	135.45	Mar 1-15
2/21	Syria	French	125,000	Fr. Wheat	125.00	Feb/Mar
	Syria	Argentina	100,000	Arg. Wheat	108.00	Mar/Apr
2/24	Zaire	U.S.	20,000	HRW 11%	107.00	March
2/25	Egypt	U.S.	155,000	SRW	138.31	Mar 7-31

1/ HRW=Hard Red Winter, HRS=Hard Red Spring, SRW=Soft Red Winter, HAD=Hard Amber Durum, WW=Western White ASW=Australian Soft White, CWRS=Canadian Western Red Spring, PH=Australian Prime Hard, AH=Australian Hard
2/ FOB unless otherwise noted.
3/ FH denotes first half; LH, last half.

SOURCE: Unofficial market news reports.

MARKET OPPORTUNITIES

**Brazil: The Brazilian Wheat Board reportedly intends to utilize its entire $300-million allocation of GSM-102 credit for fiscal year 1986, which would buy approximately 2.0 million tons of wheat. Large credit sales, in addition to the 700,000 tons already shipped, should result in total Brazilian imports of U.S. wheat of around 1.2 million tons in 1985/86 (July-June). The bulk of Brazil's credit purchases, however, are not expected to occur until 1986/87 (July-June) due to its large supplies of domestic wheat coupled with limited storage facilities and the arrival of Canadian and Argentine shipments purchased earlier. Supply problems in Argentina, which will prevent it from exporting wheat to Brazil after March, are expected to provide opportunities for U.S. wheat sales as Brazilian supplies are drawn down. Brazil's wheat import requirements for 1985/86 (July-June) currently are forecast at 3.1 million tons, well below the 5.4 million tons imported last year.

**South Africa: Reduced South African wheat production could result in imports of over 200,000 tons during 1985/86 (July-June) and provide opportunities for additional U.S. wheat sales. However, economic conditions, including the low value of the rand and a shortage of foreign exchange, could limit the size of eventual purchases. South Africa's import decision will also be influenced by the quantity of poor quality wheat from the 1985 crop that can be used for human consumption and the wheat requirements of neighboring countries. Thus far, South Africa has received requests for 160,000 tons from these countries which the Wheat Board would like to fulfill as a means of maintaining export markets for surplus years. The United States has supplied virtually all of South Africa's milling wheat import requirements, which have averaged about 100,000 tons over the past 5 years.

DEVELOPMENTS AFFECTING U.S. EXPORTS

Other Exporting Countries' Selling Activity and Competitive Practices

**Argentina: Reduced wheat export availabilities have caused Argentina problems in meeting export commitments and could result in increased U.S. wheat sales, particularly to Brazil. Argentina already has announced that it will ship Brazil only 700,000 tons of the 1.375 million tons of wheat committed for 1985/86. With the harvest nearly complete, it has become apparent that yield losses due to earlier flooding resulted in major losses to the Argentine crop, now forecast at 8.5 million tons--more than 35 percent below last year's harvest. As a result, estimated export availabilities from the 1985 crop are projected at only 4.2 million tons, virtually all of which will be shipped by July 1986. Consequently, exports for July-June 1985/86 are estimated at 6.1 million tons, down almost 2.0 million tons from the over 8.0 million tons exported last year.

**Canada: Brazil, the largest U.S. wheat market in the Western Hemisphere, has signed a new 3-year agreement with Canada for 4.5 million tons of wheat at prevailing market prices. Credit arrangements apparently will be similar to those of the previous agreement--10 percent cash with the remaining 90 percent government guaranteed credit for 3 years at commercial rates. The new agreement, however, provides for a lower minimum annual purchase than the previous one, 750,000 tons for 1986-88 versus 1,000,000 tons for the 1983-85 agreement. The lower minimum purchase requirement will allow Brazil more import flexibility, a particularly important factor this year since Brazil's wheat production has doubled and import demand is expected to drop more than 2.0 million tons in 1985/86 to 3.1 million tons. Brazil traditionally has purchased No. 3 Canadian Western Red Spring wheat, of which there are abundant supplies this year.

WHEAT SHIPMENTS by MAJOR EXPORTING COUNTRIES
RECENT MONTHS and SEASON TOTALS for 1984/85-1985/86
(JULY/JUNE--MILLION TONS)

For Period Ending 1/	-- CANADA -		- AUSTRALIA -		- ARGENTINA -		- FRANCE 2/ -		-- TOTAL --	
	84/85	85/86	84/85	85/86	84/85	85/86	84/85	85/86	84/85	85/86
Nov. 16	1.4	1.4	1.1	1.1	.1	.3	.8	1.6	3.2	4.6
Dec. 19	1.0	1.9	1.1	1.0	.2	.4	1.0	N/A	3.3	N/A
Jan. 24	.6	1.3	1.1	1.1	1.5	.9	1.0	N/A	4.2	N/A
Feb. 20	.7	.8	1.4	1.1	1.9	1.0	.8	N/A	4.8	N/A
Cumulative Since July 1 ...	13.5	11.8	9.1	8.2	4.3	3.9	7.5	2.2	34.4	27.8
Total for Season 3/	19.4	17.5	15.3	15.7	8.0	6.1	12.6	12.0	55.3	51.3

1/ Or nearest date.
2/ Excludes intra-EC trade.
3/ Forecast for 1985/86.
- Less than 0.1, N/A - Data not available.

Competitive Developments In Selected Foreign Markets

**Korea: Several Korean flour mills reportedly have made a trial purchase of 12,000 tons of Argentine wheat for $128.90 per ton c&f. This marks the second Korean purchase of Argentine milling wheat in recent months. Korea traditionally has purchased most of its milling wheat requirements from the United States. Though small, the two Argentine sales plus an Australian sale last year are indications of the growing competition facing the United States in Far Eastern wheat markets. Korea is forecast to import 2.7 million tons of wheat, including 700,000 tons of feed wheat, during 1985/86 (July-June). The United States is expected to continue to supply virtually all of Korea's milling wheat requirements.

**Japan: The Japanese Food Agency and the Canadian Wheat Board have reached an agreement covering 1986 purchases of wheat. This year's agreement requires the Japanese to buy 1.2 million tons of Canadian wheat, a reduction of 100,000 tons from the 1985 agreement. Japan's annual wheat contract with Canada has remained at 1.3 million tons since 1979 when it was decreased 100,000 tons from 1.4 million tons. In recent years, the United States has supplied about 60 percent of Japan's average annual wheat import requirement of 5.7 million tons.

**Japan: In a development which could prevent further displacement of U.S. wheat imports by Japanese wheat production, the Japanese Millers' Association has expressed its objection to continued increases in domestic wheat production. The milling industry's required use of domestic wheat, which is of a lower quality, has risen from 160,000 tons in 1977 (2.8 percent of total usage) to 776,000 tons in 1984 (13 percent of total usage), nearly a fourfold increase in 8 years. The millers feel they have reached the saturation point and indicate they will use their resources to stop further increases. Japanese wheat production has increased dramatically in recent years, from around 200,000 tons per year during the 1970's to almost 900,000 tons in 1985. Although some of the increased production can be attributed to higher yields, large production subsidies have nearly tripled wheat area during the last 10 years.

Internal Price Policies Of Foreign Countries

**Major Exporters: The latest internal support prices for the principal world wheat exporters, on an individual marketing year basis, are listed below. Prices are not strictly comparable because of quality differences and because U.S., Argentine and EC prices are on a local delivery point basis. For example, in terms of quality differentials, the Canadian price is set for No. 1 Canadian Western Red Spring (CWRS), while prices of No. 2 CWRS and No. 3 CWRS are discounted. No. 1 CWRS has represented about 40 percent of Canadian wheat exports over the past 10 years. EC prices given below are for medium quality wheat in August and do not include monthly incremental increases.

MAJOR EXPORTER SUPPORT PRICES FOR WHEAT
AS OF FEBRUARY 1986 with COMPARISON to FEBRUARY 1985

	1984/85			1985/86		
	U.S.$ Equivalent		Local Currency	U.S.$ Equivalent		Local Currency
Exporter	per bu.	----	per ton ----	per bu.	----	per ton ----
U.S. (loan)	3.30	121	121 (US$)	3.30	121	121 (US$)
Argentina (reference)	2.46	89	4,800 1/	2.21	81	65 1/
Australia (min. pay.)	2.93	108	146 (A$)	2.85	105	150 (A$)
Canada (initial pay.)	3.22	118	160 (C$)	3.10	114	160 (C$)
EC (reference) 2/	4.19	154	228 (ECU)	5.53	203	224 (ECU)
(intervention) 3/	3.64	134	198 (ECU)	4.81	177	195 (ECU

1/ Caution should be taken when using the local price and its US$ equivalent because of the frequent changes in the support price and the volatility of the Argentine exchange rate. 1984/85 in new pesos as of May 1985, 1985/86 in australs as of January 1985.
2/ Support price for bread-quality wheat.
3/ Support price paid for other milling wheats; EC prices represent medium-quality wheat.

**China: After experiencing a greater than expected reduction in grain output in 1985, China's agricultural policy again will emphasize its more traditional objective of increasing grain production and reducing dependence on imports. Despite public assurances that stocks are adequate to meet the shortfall and that prices will remain stable, there is concern over the decline in production, and particularly the decline in area planted to grain. In response to these concerns, the government has revised input policies and pricing structure to encourage greater production.

In order to ensure adequate availability and usage of inputs, new taxes for the maintenance of public irrigation facilities are being levied on township enterprises, and farmers who have signed state grain contracts are being provided with subsidized fertilizer. Early reports indicate that fertilizer application is returning to normal following a 20-percent decline in 1985.

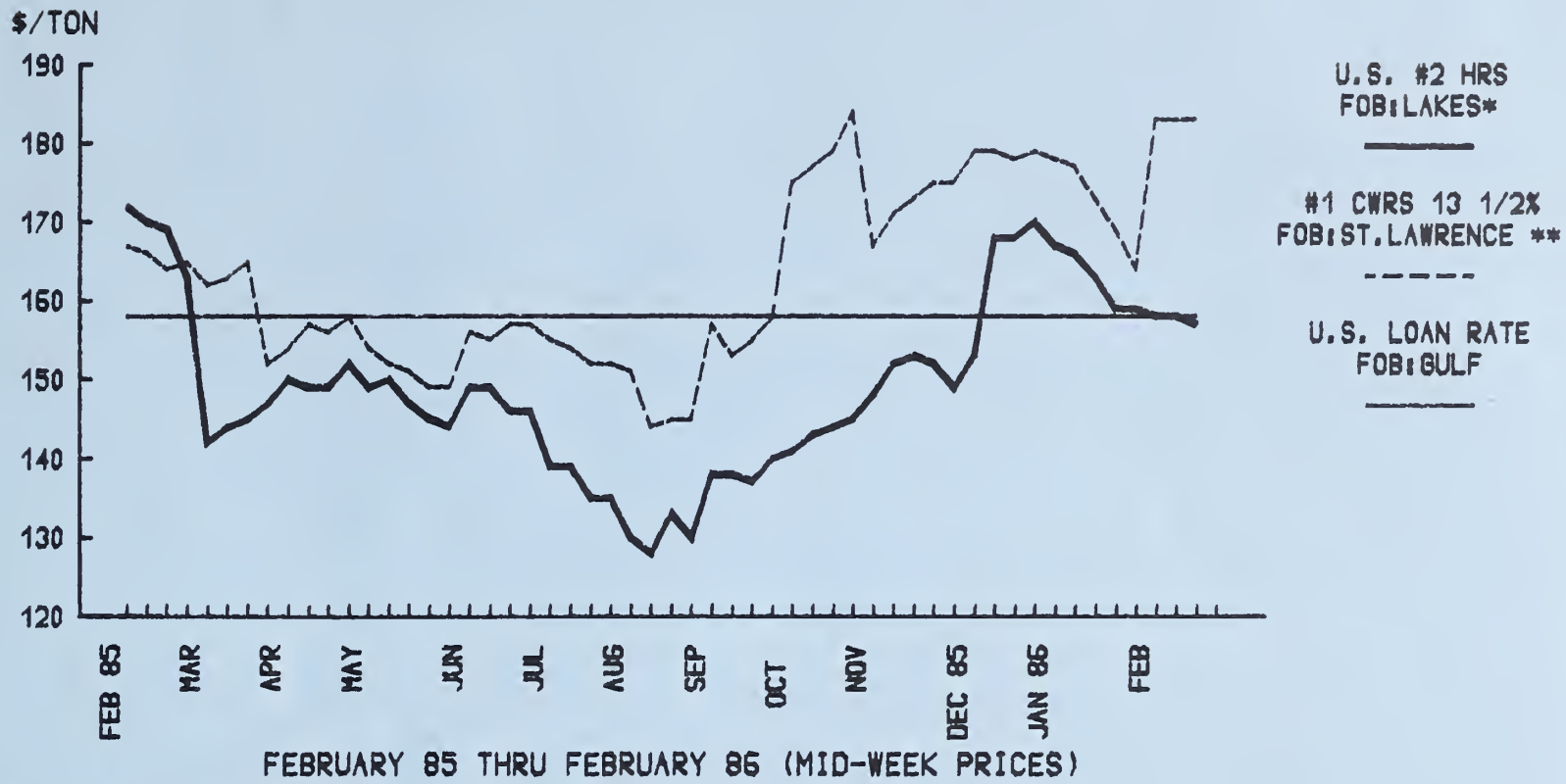
Although the basic procurement price for wheat remains unchanged in most areas, other changes should provide for greater returns to the farmer and, thereby, act as production incentives. Reductions in the amount of grain required to be supplied under contract will allow farmers to sell more on the open market, presumably at a higher price. To reduce the price risk of above-contract production, the government also will pay the contract price for above-quota purchases, an increase of 33 percent compared to last year's free market floor price. And finally, incentives for the production of non-grain crops, such as cotton in North China, have been held constant or reduced in order to stimulate wheat sowing. China's goal is to boost 1986 winter wheat production to 85 million tons, an increase of 7.5 million tons above the 1984 record.

**India: In an effort to stabilize wheat production and avoid the problem of disposing of even higher wheat stocks caused by the past several bumper crops, the Government of India has established the procurement price for wheat at Rs. 1,620 per ton (about $132 at the official exchange rate of Rs. 12.25 to the dollar) for 1986/87 (April-March), only a slight increase over the previous level. However, any gain to farmers will be marginal, at best, since this increase has been mostly offset by increases in government issue prices of fertilizers.

In order to minimize the rapidly increasing subsidy cost of its public food distribution system (estimated at over Rs. 30 billion in the current fiscal year), the government also increased the issue price of food grains effective February 1, 1986. The new issue price of wheat is Rs. 1,900 per ton, up over 10 percent from last year's level of Rs. 1,720. The issue price of wheat to flour millers will be Rs. 1,900 per ton through March 1, and then will be raised even higher to Rs. 2,200 as of April 1. By sharply raising the issue price to millers, the government is attempting to reduce its role in wheat procurement operations by pushing flour millers to purchase their entire supplies on the open market.

The increase in the issue price of wheat, which is proportionally higher than the rice price increases, will have an adverse affect on wheat consumption. Given the government's problems disposing of recent wheat surpluses, including efforts to increase consumption, such large price increases could lead to even higher stocks and provide an even greater incentive to export wheat.

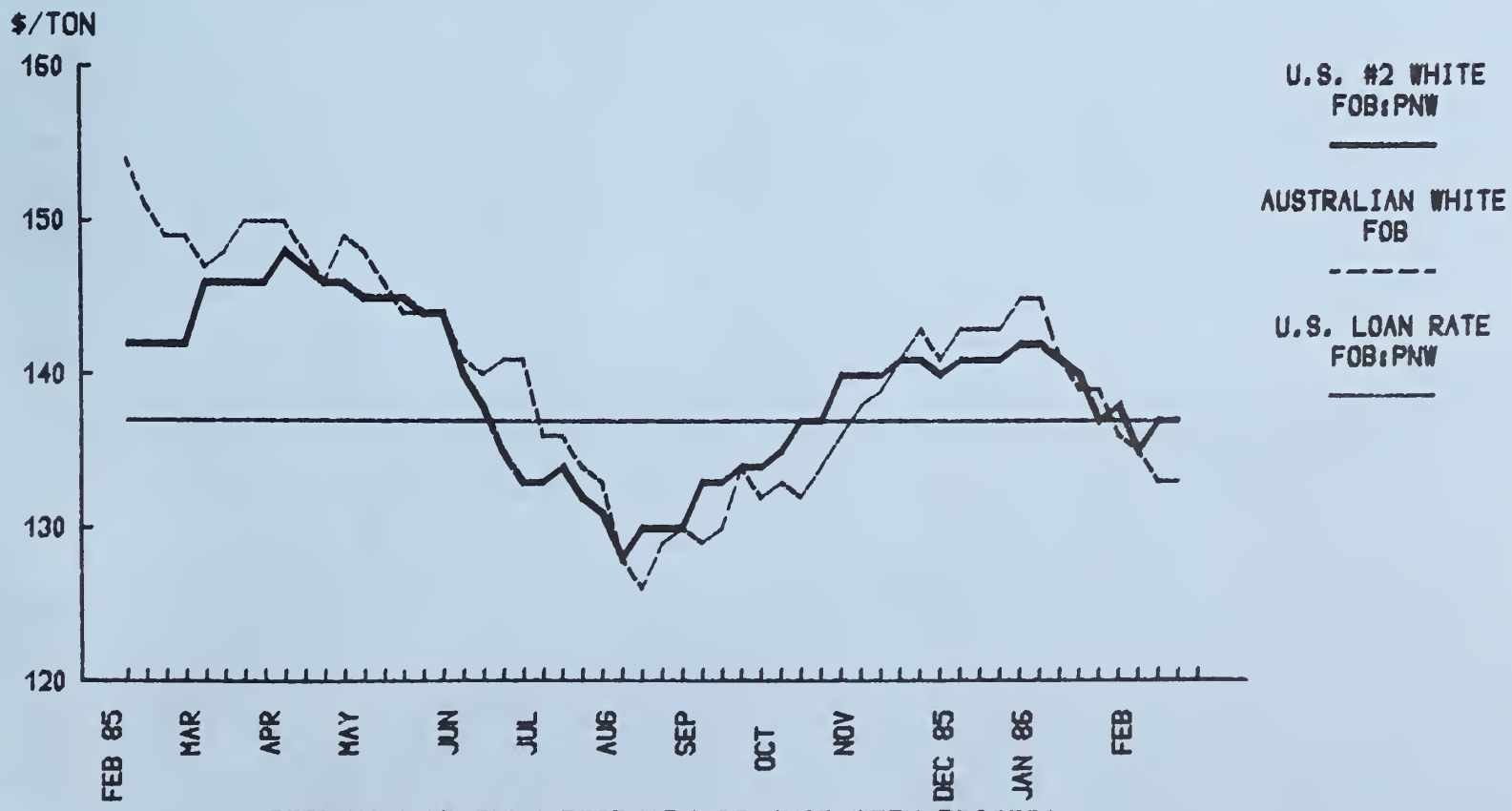
HARD RED SPRING WHEAT EXPORT PRICES
U.S. AND CANADIAN



FEBRUARY 85 THRU FEBRUARY 86 (MID-WEEK PRICES)

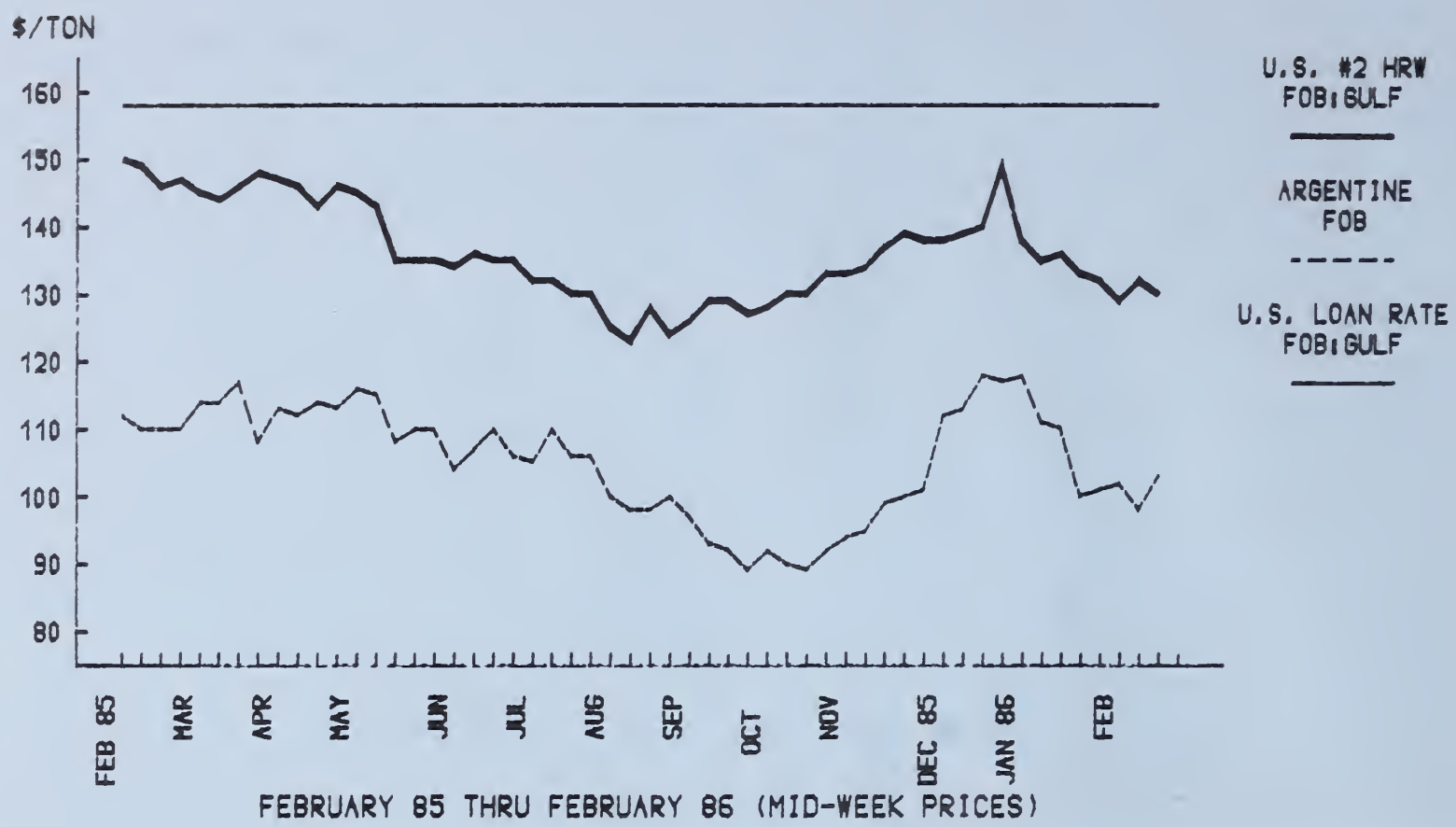
* FOB GULF DURING WINTER MONTHS
** FOB ST. LAWRENCE AS OF FEBRUARY 1986
FOB THUNDER BAY PRIOR TO FEBRUARY 1986

WHITE WHEAT EXPORT PRICES
U.S. AND AUSTRALIAN



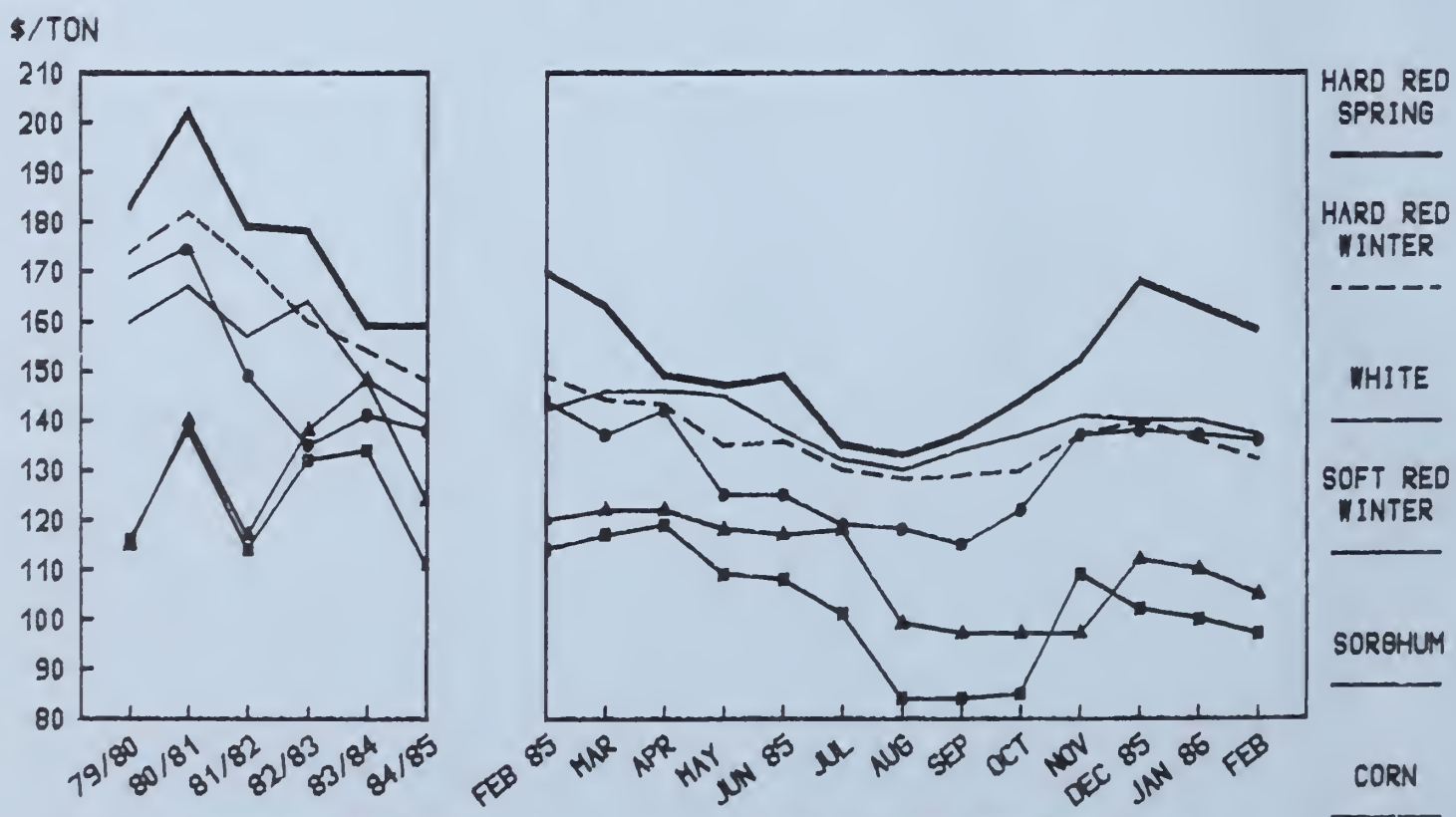
FEBRUARY 85 THRU FEBRUARY 86 (MID-WEEK PRICES)

HARD RED WINTER WHEAT EXPORT PRICES
U.S. AND ARGENTINE



FEBRUARY 85 THRU FEBRUARY 86 (MID-WEEK PRICES)

US. GRAIN COMMODITY EXPORT PRICES FOB GULF
EXCEPT FOB PNW FOR WHITE WHEAT
AND FOB LAKES FOR HARD RED SPRING*



YEARLY AVERAGE (JUL/JUN)

FEB 85-FEB 86 MID MONTH

*FOB GULF DURING WINTER MONTHS

U.S. WHEAT EXPORT COMMITMENTS BY CLASS TO MAJOR DESTINATIONS
TOTAL EXPORTS FOR 1983/84 - 1984/85; COMMITMENTS TO DATE FOR 1985/86 WITH COMPARISON TO 1984/85
(JUNE/MAY--1,000 TONS)

Destination	Marketing Year	Hard Red Winter	Hard Red Spring	Soft Red Winter	All White	Durum	Total Exports
EC-12	1983/84	350	1,218	405	--	298	2,271
	1984/85	340	726	222	--	198	1,486
	1984/85*	310	658	220	--	155	1,344
	1985/86**	234	592	162	--	166	1,153
Other W. Europe	1983/84	448	32	8	16	14	518
	1984/85	206	91	420	--	35	752
	1984/85*	157	52	420	--	35	663
	1985/86**	545	108	--	6	4	662
USSR	1983/84	4,141	--	--	--	--	4,141
	1984/85	6,339	--	--	--	--	6,339
	1984/85*	6,356	--	--	--	--	6,356
	1985/86**	153	--	--	--	--	153
China	1983/84	1,368	--	1,549	--	--	2,917
	1984/85	105	--	2,693	--	--	2,798
	1984/85*	105	--	2,723	--	--	2,828
	1985/86**	--	--	581	--	--	581
Japan	1983/84	1,287	1,010	--	1,126	12	3,435
	1984/85	1,367	1,067	--	1,013	15	3,462
	1984/85*	1,133	884	--	926	9	2,952
	1985/86**	1,082	892	--	874	53	2,901
Taiwan	1983/84	245	185	--	130	--	560
	1984/85	299	211	--	145	--	655
	1984/85*	300	210	--	145	--	655
	1985/86**	275	209	--	143	--	627
Rep. of Korea	1983/84	649	221	2	1,179	--	2,051
	1984/85	674	231	--	1,103	--	2,008
	1984/85*	561	189	--	934	--	1,684
	1985/86**	545	219	3	1,002	--	1,769
Other Asia, Middle East, and Oceania	1983/84	2,288	1,232	258	1,222	21	5,021
	1984/85	2,227	1,002	178	1,502	--	4,909
	1984/85*	2,011	615	175	1,388	--	4,189
	1985/86**	1,788	648	141	1,121	53	3,751
Egypt	1983/84	--	--	539	807	--	1,346
	1984/85	30	--	429	1,205	--	1,664
	1984/85*	--	--	266	1,130	--	1,396
	1985/86**	--	--	1,230	104	--	1,333
Nigeria	1983/84	1,278	265	8	--	--	1,631
	1984/85	1,324	198	91	--	--	1,613
	1984/85*	988	197	81	--	--	1,266
	1985/86**	742	21	70	--	--	833
Other Africa	1983/84	471	7	1,876	45	844	3,243
	1984/85	418	39	2,034	35	803	3,329
	1984/85*	621	202	964	1,055	715	3,557
	1985/86**	1,358	70	861	--	471	2,761
Brazil	1983/84	2,181	66	66	--	--	2,313
	1984/85	3,111	67	67	--	--	3,245
	1984/85*	3,089	--	67	--	--	3,156
	1985/86**	722	--	--	--	--	722
Other W. Hemis.	1983/84	2,223	1,477	514	48	296	4,558
	1984/85	2,061	1,290	503	159	293	4,306
	1984/85*	4,224	1,230	468	147	257	6,327
	1985/86**	1,533	1,068	561	2	210	3,374
Total 1/	1983/84	17,128	5,647	5,593	5,541	1,556	35,465
	1984/85	18,460	4,862	6,577	5,234	1,458	36,591
	1984/85*	17,256	4,110	6,273	4,836	1,396	33,871
	1985/86**	9,023	3,862	3,604	3,247	1,093	20,830
MY Projection 2/		12,247	4,218	4,355	3,946	1,089	25,855

1/ Discrepancies due to rounding and sales to unknown destination.
2/ Projections for 1985/86, including flour and products.
* Sales plus accumulated exports as February 21, 1985, excluding sales for next marketing year.
** Sales plus accumulated exports as February 20, 1986, excluding sales for next marketing year.

SOURCE: U.S. Export Sales.

**Iraq: U.S. Wheat Associates recently sponsored a baking science and technology course for Iraqi officials and technicians at the American Institute of Baking. The ten-day course was designed to acquaint the participants with modern American baking techniques and to familiarize them with the different U.S. wheats and their characteristics. On their return to Iraq, the participants will serve as technical advisors to the local baking industry. The United States generally supplies about a quarter of Iraq's nearly 3.0-million-ton wheat import requirement.

**Taiwan: A consultant for the U.S. Wheat Associates conducted baking demonstrations in four cities designed to show the wide variety of products that can be baked from mixes. A total of 500 managers and technicians from baking and allied industries attended the demonstrations. The mixes, manufactured by a Taiwanese company in a joint venture with an American milling company, have recently been introduced in Taiwan to encourage greater consumption on wheat-based convenience baked goods. Taiwan traditionally imports about 700,000 tons of wheat, the bulk of which is supplied by the United States.

Status of the Export Enhancement Program
as of February 28, 1986

Country	Date Announced	Commodity	Amount Offered (MT)	Amount Purchased Under Bids Accepted Through February 28 (MT)	
Algeria	June 4	Wheat	1,000,000	300,000	SRW
				200,000	HRW
				500,000	Total
	Feb. 11	Semolina	250,000	---	
Egypt	July 2	Wheat Flour	600,000	175,000	1/
	July 26	Wheat	500,000	500,000	HRW
	Oct. 30	Wheat	500,000	---	
Yemen	Aug. 20	Wheat Flour	50,000	30,000	
	Sept. 6	Wheat	100,000	---	
Morocco	Sept. 30	Wheat	1,500,000	260,000	SRW
				500,000	HRW
				760,000	Total
Turkey	Oct. 16	Wheat	500,000	500,000	HRW
Jordan	Nov. 8	Rice	40,000	..---	
Philippines	Nov. 15	Wheat Flour	100,000	50,000	1/
Zaire	Nov 18	Wheat Flour	64,000	30,000	1/
Iraq	Dec. 9	Wheat Flour	150,000	37,500	1/
Nigeria	Dec. 10	Barley Malt	100,000	---	
Zaire	Dec. 27	Wheat	40,000	---	
Philippines	Jan. 6	Wheat	150,000	---	

1/ Flour not in grain equivalent.

**PL-480

FY 1986 PUBLIC LAW TITLE I/III
COUNTRY AND COMMODITY ALLOCATIONS 1/

Countries with $790 or Less Per Capita GNP	TOTAL ($Millions)	(1,000 Tons Grain Equivalent) WHEAT/FLOUR	RICE	FEEDGRAINS
Bangladesh ..	$70.0	308.0	35.0	--
Bolivia	$20.0	152.0	--	--
Egypt	$213.0	1,557.0 2/	--	--
El Salvador .	$46.0	148.0	--	--
Ghana	$8.0	--	7.0	--
Guinea	$6.0	--	20.0	--
Haiti	$18.0	114.0	--	--
Honduras	$15.0	86.0	--	--
Indonesia ...	$30.0	152.0	--	--
Kenya	$10.0	76.0	--	--
Liberia	$11.0	--	34.0	--
Madagascar ..	$8.0	--	14.0	--
Morocco	$40.0	292.0	--	--
Mozambique ..	$10.0	29.0	11.0	28.0
Pakistan	$50.0	--	--	--
Philippines .	$35.0	189.0	33.0	--
Senegal	$5.5	--	18.0	--
Sierra Leone	$4.0	13.0	7.0	--
Somalia	$16.7 3/	18.0 1/	16.0	--
Sri Lanka ...	$26.0	193.0	--	--
Sudan	$50.0	364.0 1/	--	--
Yemen	$5.0	--	13.0	--
Zaire	$20.0	100.0	--	--
Zambia	$10.0	37.0	--	--
SUBTOTAL ..	$727.2	3,828.0	208.0	28.0
Countries over $790 Per Capita GNP				
Costa Rica ..	$23.0	120.0	--	10.0
Dominican Rep	$30.0	72.0	32.0	--
Guatemala ...	$14.0	92.0	--	--
Jamaica	$30.0	83.0	22.0	73.0
Peru	$20.0	98.0	--	--
Tunisia	$2.5	19.0	--	--
SUBTOTAL ..	$119.5	484.0	54.0	83.0
Total Allocated ...	$846.7	4,312.0	262.0	111.0
Unallocated Reserve	$100.0	--	--	--
Total Program	$946.7	--	--	--

1/ Preliminary.
2/ All or some portion in wheat equivalent of flour.
3/ $3.3 million has been designated for ocean freight financing.

**CCC Credit

U.S. WHEAT/FLOUR TRADE WITH SELECTED COUNTRIES
UNDER CCC GUARANTEE PROGRAMS 1/

	FY 1985		FY 1986		
	Guarantees Approved -$ Millions-	Est. Quantity Shipped --1,000 Tons--	Programs Announced -----$ Millions-----	Programs Approved	Estimated Quantity To Be Purchased 2/ ----1,000 Tons----
Bangladesh ..	$42.1	280.7	--	--	--
Brazil	$272.5	1,816.7	$150.0	--	1,071.4
Chile	$59.5	396.7	$42.0	--	300.0
Colombia	$79.0	526.7	$100.0	$1.6	703.0
Ecuador	$32.6	217.3	$55.0	$16.8	272.9
Egypt	$77.6	517.3	$120.0 4/ 5/		725.5
Guatemala ...	$16.1	107.3	--	--	--
Haiti	$7.5	50.0	$7.5	$5.0	17.9
Iraq	$88.5	590.0	$130.0 5/	$50.7	336.2
Jamaica	$4.2	28.0	$7.5 5/	$1.1	33.6
Jordan	$19.9	132.7	--	--	--
Korea	$108.9	726.0	$120.0	$57.8	444.3
Morocco	--	--	$150.0	$67.5	589.3
Pakistan	$40.1	267.3	$45.0	--	321.4
Philippines .	$43.2	288.0	--	--	--
Portugal	$97.0	646.7 3/	$73.0	$9.5	453.6
Turkey	$10.1	67.3	$60.0	$51.0	64.3
Yemen	--	--	$40.0 5/		266.9
TOTAL.....	$998.8	6,658.7	$1,100.0	$261.0	5,600.3

1/ Includes GSM-102, GSM-5, and Blended Credit, as of January 24, 1986.
2/ Based on $140 per ton for wheat; $190 per ton for wheat flour.
3/ Wheat or feed grains.
4/ Non-operational.
5/ Wheat and wheat flour.

CORN and SORGHUM

LATEST U.S. EXPORT FORECAST, SHIPMENTS, AND SALES

Export Forecast: As of mid-February, the 1985/86 (October-September) U.S. coarse grain export forecast remained unchanged at 49.1 million tons, the lowest level in 10 years. Prospects for increased corn exports to Brazil were offset by increased competition from large barley supplies in the European Community (EC), large corn supplies in South Africa and Argentina, and increased supplies of EC, Canadian, and Australian feed wheat.

Shipments and Sales: Corn shipments during the 4-week period ending February 20 totaled 3.5 million tons, while new sales dropped sharply to 1.6 million tons, about 60 percent of the level required to acheive this year's forecast. Major destinations included the Soviet Union, Japan, Spain, Brazil, and Egypt. Leading corn buyers included Japan, Spain, Egypt, Mexico, and the Soviet Union. Sorghum shipments for the 4-week period totaled 276,000 tons, mostly to Japan. New sales of 416,000 tons reflected an improvement over the previous month's sales. Japan, Israel, and Taiwan were the principal buyers.

U.S. CORN and SORGHUM SHIPMENTS, SALES, and INSPECTIONS
(OCTOBER/SEPTEMBER--MILLION TONS)

------ Monthly SHIPMENTS ------

For Period Ending	CORN 84/85	CORN 85/86	SORGHUM 84/85	SORGHUM 85/86
Nov. 14	5.2	3.8	.7	.4
Dec. 20	7.1	6.2	.7	.4
Jan. 23	5.9	4.3	.9	.6
Feb. 20	3.7	3.5	.6	.3
Cumulative for MY..	23.7	19.5	3.5	2.1

------ Monthly SALES 1/ ------

For Period Ending	CORN 84/85	CORN 85/86	SORGHUM 84/85	SORGHUM 85/86
Nov. 14	2.5	4.3	.7	.4
Dec. 20	2.6	5.5	.8	.3
Jan. 23	4.7	2.3	.9	.2
Feb. 20	2.9	1.6	.3	.4
Cumulative for MY..	31.6	24.4	4.7	2.6

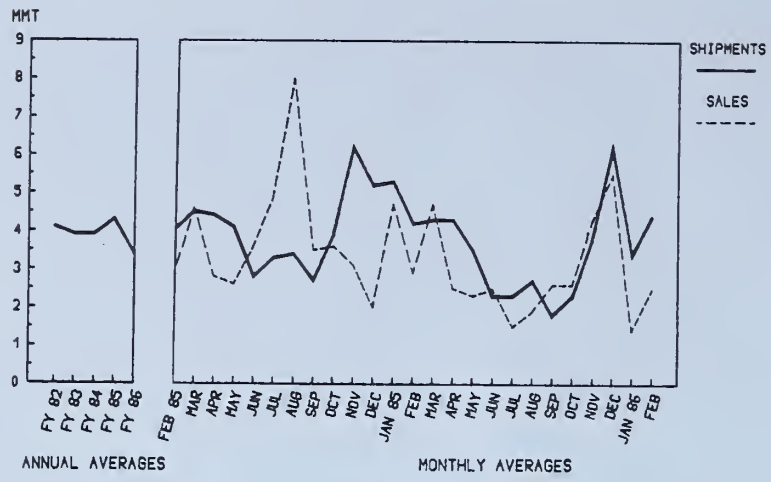
Weekly and Annual INSPECTION Rates

	CORN MT	CORN BU	SORGHUM MT	SORGHUM BU
Week Ending February 13	0.7	28.8	0.1	3.5
Week Ending February 20	0.7	26.6	0.1	2.2
Official Estimate for 1985/86 (Grain only)	40.8	1608	7.0	275
Implied Weekly Average	0.8	30.9	0.1	5.3
Weekly Average for Latest Six Weeks	0.9	34.3	0.1	3.8
Marketing Year-to-Date Weekly Average	1.0	37.4	0.1	3.8
MY Year-to-Date Average Extrapolated Annually	49.4	1945	5.0	198
Weekly Average Required during Remainder of MY to Achieve Official Estimate	0.7	26.8	0.2	6.3

1/ Sales made since the beginning of the applicable marketing year, including sales for shipment in the next marketing year.

SOURCE: Shipments and sales data from U.S. Export Sales. Inspections data from the Federal Grain Inspection Service.

U.S. CORN SHIPMENTS AND SALES
ANNUAL MONTHLY AVERAGES FOR FY 1982 - 1986(PROJ)
AND MONTHLY FROM FEBRUARY 1984 - FEBRUARY 1986



U.S. CORN and SORGHUM EXPORT COMMITMENTS to MAJOR DESTINATIONS
(OCTOBER/SEPTEMBER -- 1,000 TONS) 1/

Destination:	1982/83 Total Exports	1983/84 Total Exports	1984/85 Total Exports	1984/85 Committed as of 2/21/85	1985/86 Committed as of 2/20/86
-- CORN --					
EC-12	9,019	7,952	6,061	2,791	2,424
Other W. Europe	169	245	176	205	23
Eastern Europe	1,470	727	693	501	791
USSR	3,200	6,500	15,750	12,602	6,152
China	2,161	18	0	0	0
Japan	13,180	13,781	11,095	7,189	6,760
Taiwan	3,000	2,676	3,134	1,933	1,860
Rep. of Korea .	3,908	2,972	87	480	827
Egypt	1,516	1,303	1,352	777	1,033
Canada	750	283	316	110	14
Mexico	4,091	2,808	1,297	1,053	1,254
Venezuela	892	1,140	638	280	0
Others	3,938	6,992	5,361	3,614	3,231
TOTAL	47,294	47,397	45,960	31,533	24,369
-- SORGHUM --					
Spain	105	465	45	45	0
Other W. Europe (excl. Spain)	251	136	79	66	38
Japan	741	1,505	2,726	1,976	1,940
Israel	341	574	587	485	276
Mexico	3,260	2,758	1,958	1,488	22
Venezuela	243	206	1,093	251	86
Others	462	582	508	364	219
TOTAL	5,403	6,226	6,996	4,673	2,580

1/ Accumulated shipments and sales, excluding sales for next marketing year.

SOURCE: U.S. Bureau of Census and U.S. Export Sales.

IMPORTER BUYING ACTIVITY

Buying activity on the world market slowed this month. Mexico was the largest buyer of U.S. corn and Tunisia made a large purchase of Argentine corn. Korea also purchased corn from China and Thailand.

RECENT CORN and SORGHUM IMPORTER BUYING ACTIVITY
REPORTED between JANUARY 29, 1986 and FEBRUARY 27, 1986

Date of Purchase	Buyer	Origin	Quantity (tons)	Grade 1/	Price Range 2/ ($US per ton)	Delivery Period 3/
2/4	Jamaica	U.S.	9,800	YC	107.08	Feb-Mar
	Jamaica	U.S.	8,200	#2 YC	108.66	Feb-Mar
2/6	Taiwan	U.S.	33,000	YS	114.23 C&F	LH Feb
2/10	Korea	China and Thailand	81,000 to 91,000	Corn	115.85 C&F	Feb/Mar
2/12	Mexico	U.S.	200,000	#2 YC	?	Mar/Apr
	Mexico	U.S.	9,000	#2 YS	?	Mar/Apr
2/21	Tunisia	U.S.	25,000	#3 YC	116.25 C&F	Feb/Mar
	Tunisia	Argentina	100,000	Corn	107.90 C&F	M/A/M

1/ YC=#3 Yellow Corn unless otherwise stated, and YS=Yellow Sorghum
2/ FOB unless otherwise noted.
3/ FH denotes first half; LH, last half.

SOURCE: Unofficial market news reports.

U.S. MARKET OPPORTUNITIES

**Brazil: Dry weather and an anticipated corn production shortfall reportedly has led Brazil to substitute 650,000 tons of Argentine corn for wheat not shipped under their bilateral agreement. The Argentine corn sale, nearly double their previous record sale to Brazil in 1983/84, will reduce the potential for U.S. corn sales to Brazil. Despite the sale, eventual prospects for U.S. corn exports, which typically represent 95 percent of Brazil's corn imports, will depend on the severity of the current drought, the availability of U.S. credit, and Brazil's domestic coarse grain price policies. The current 1985 Brazilian corn production estimate of 19.0 million tons is about 2.5 million tons lower than the average production for the past several years. Correspondingly, corn import requirements for 1985/86 (October-September), estimated at a record 2.7 million tons, are about 2.5 million tons above average imports for the past several years.

Other Exporting Countries' Selling Activities and Competitive Practices

**Argentina: Near record 1985/86 (October-September) Argentine export availabilities, currently forecast at 8.9 million tons, are likely to provide increased competition for U.S. corn exports. Higher yields as a result of nearly ideal weather and a sharp increase in area due to unfavorable sorghum prices have combined to produce a projected crop of 12.5 million tons. Argentine corn sales already have displaced some potential U.S. sales to Brazil, and Argentina is expected to continue its aggressive corn marketing campaign. Last year Argentina exported nearly 7.1 million tons of corn; leading destinations included the EC, the Soviet Union, Iran, Egypt, and Japan.

**China: China's National Cereals, Oils, and Foodstuffs Import and Export Corporation (CEROP) and a group of seven Japanese importers have agreed to a contract for the export of 2.0 - 2.5 million tons of Chinese corn to Japan for 1985/86 (May-April). The contract is similar to the one due to expire this April, with prices reportedly about equal to U.S. f.o.b. prices. Japanese importers previously had expressed some dissatisfaction over Chinese shipping delays, but now apparently believe that better Chinese port conditions will enable CEROP to improve on its delivery record despite the high volume.

**Thailand: China recently purchased 150,000 tons of Thai corn for February/April shipment, a quantity somewhat larger than China previously has taken under a barter agreement with Thailand. The corn reportedly will be delivered to South China to supply a number of feed mills that had been forced to close due to a shortage of corn. China's last purchase of Thai corn was about 100,000 tons in 1984/85 (October-September).

**Canada: Canada's recent sale of 100,000 tons of feed wheat to Mexico provides additional evidence that U.S. corn and sorghum exports will face increased competition from large supplies of Canadian feed-quality wheat. Poor harvest conditions last fall resulted in about 13 percent of Canada's estimated 23.9 million ton wheat crop being downgraded to feed-quality when normally, only about 5 percent of the crop is feed-quality. Canada earlier had made two feed wheat sales to Korea totaling 70,000 tons, and the Canadian Wheat Board is expected to bid aggressively on future Korean feed grain tenders.

**Thailand: North Korea's reported interest in purchasing 400,000 tons of Thai corn could serve to ease pressure on Thailand to export its record corn supplies to other Far Eastern markets in competition with U.S. corn. Successive large corn crops, including this year's record of 5.15 million tons, have resulted in record export availabilities and prompted Thailand to embark on an aggressive export program in traditional U.S. markets and to other destinations. The sale would mark the first time North Korea has purchased a significant quantity of Thai corn since 1978.

CORN and SORGHUM SHIPMENTS by MAJOR EXPORTING COUNTRIES
RECENT MONTHS and SEASON TOTALS for 1984/85-1985/86
(OCTOBER/SEPTEMBER--MILLION TONS)

For Period Ending 1/	- SORGHUM - ARGENTINA 84/85	85/86	CORN ARGENTINA 84/85	85/86	CORN THAILAND 84/85	85/86	TOTAL 84/85	85/86
Nov. 16	#	.1	.1	.1	.3	.3	.4	.5
Dec. 19	.1	.1	.1	.1	.4	.3	.6	.5
Jan. 24	.1	#	#	.1	.2	.3	.3	.5
Feb. 20	#	#	#	#	.2	.3	.2	.4
Cumulative Since October 1	.4	.3	.4	.4	1.7	1.3	2.5	2.2
Total for Season 2/	3.4	2.2	7.1	8.9	3.2	3.5	13.7	14.6

1/ Or nearest date.
2/ Forecast for 1985/86.
- Less than 0.1, N/A - Data not available.

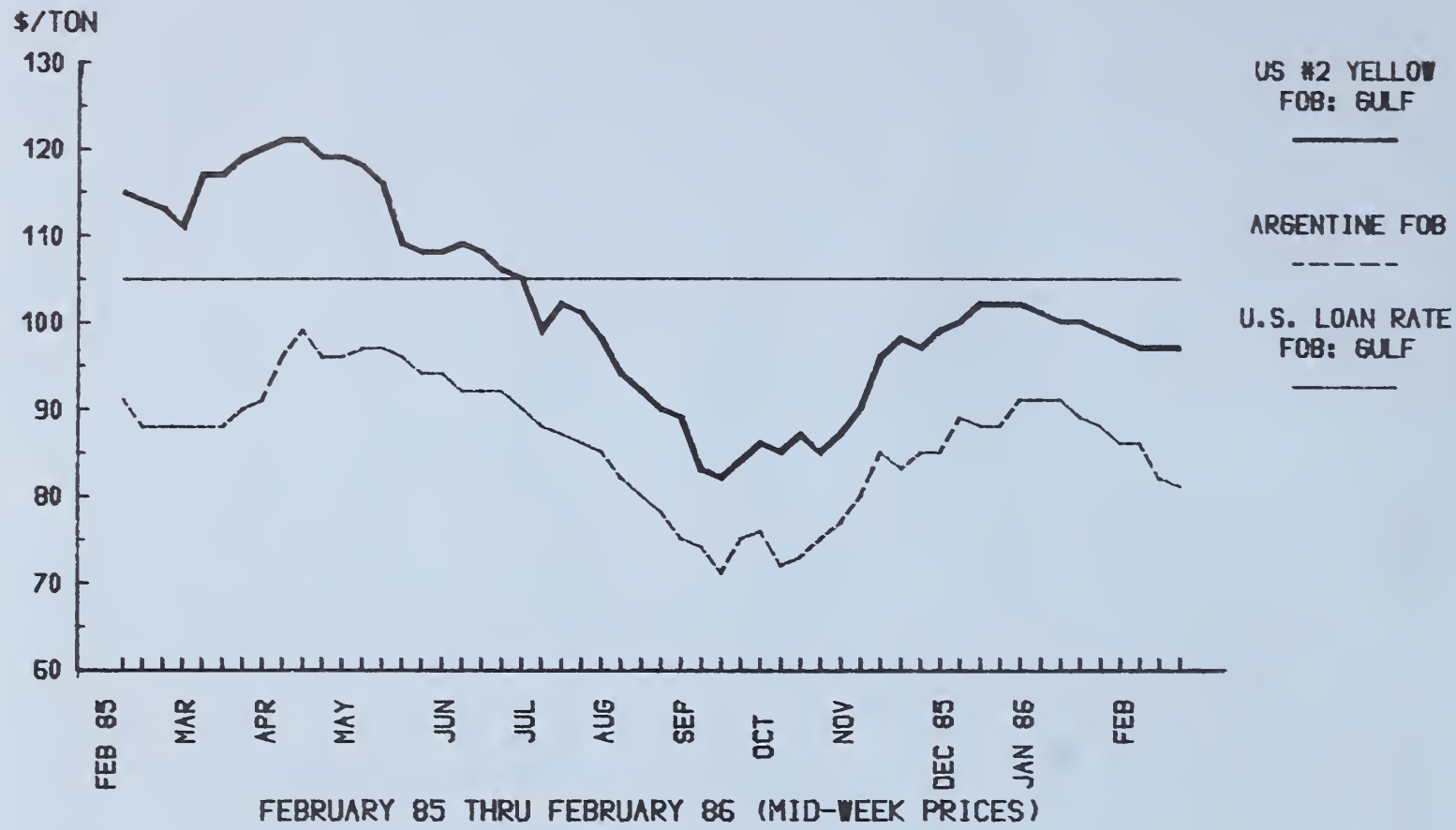
Competitive Developments in Selected Foreign Markets

**Spain: U.S. corn commitments, exports plus sales, to Spain for 1985/86 (October-September) currently total 1.7 million tons, well ahead of the 1.1 million tons for the same period last year. Spain's increased corn import demand appears to result from both an increased demand for feedstuffs due to poor fall forage conditions and an apparent attempt by Spanish importers to stockpile corn prior to the implementation of the EC's Common Agricultural Policy on March 1. (The EC has since enacted a special levy on Spanish corn to prevent its re-export to other EC countries.) Despite the current pace, EC tariff barriers (i.e., the variable levy) and the recent release of government-held barley and other grain stocks are expected to effectively reduce and possibly even stop Spain's imports of U.S. corn after March 1. On average, Spain has purchased 3.5 million tons of U.S. corn during each of the last 5 years. This year U.S. corn exports to Spain are expected to drop sharply to less than 2.0 million tons, the lowest level since 1972/73.

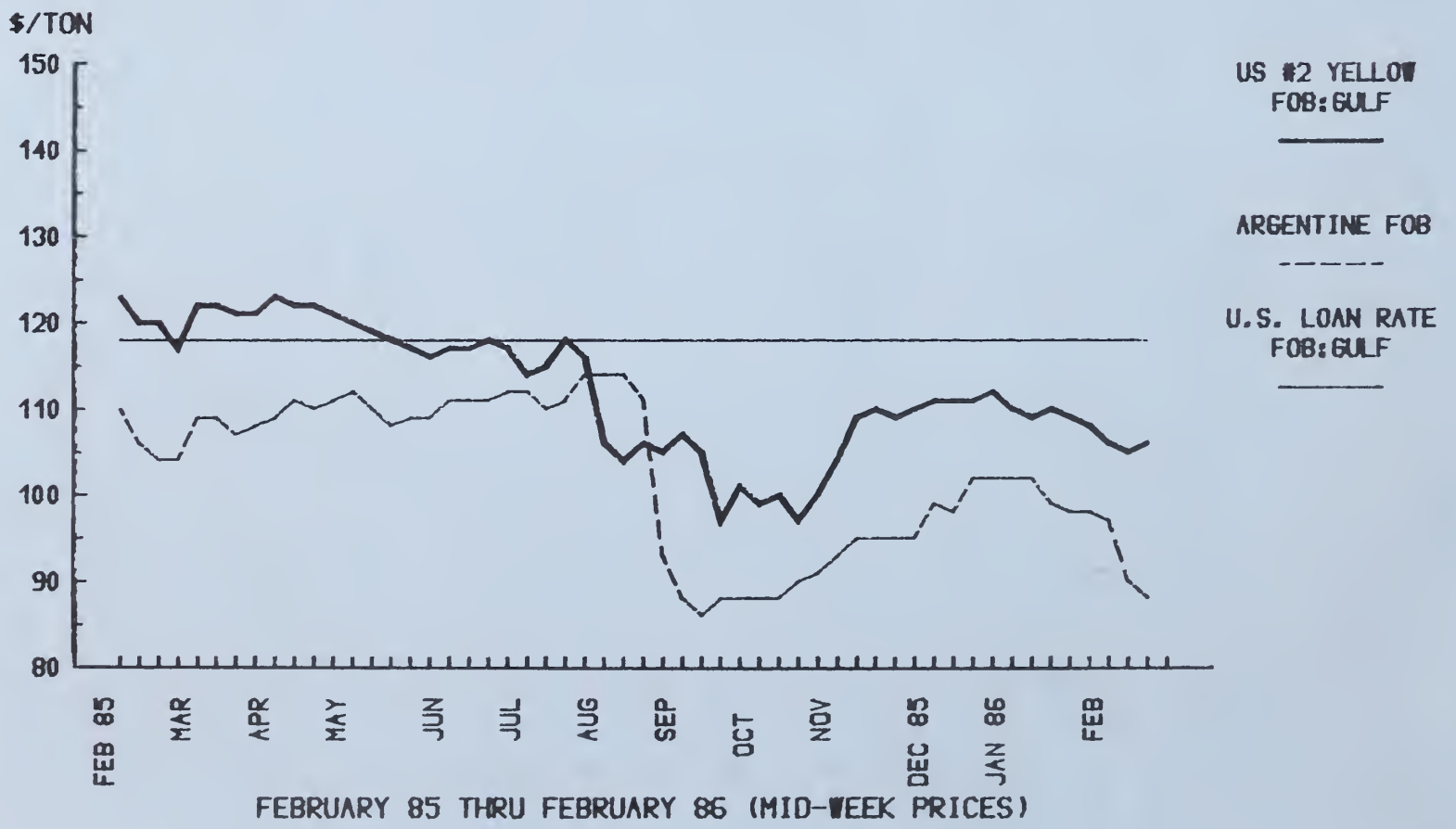
Internal Price Policies of Foreign Countries

**Egypt: Proposed changes in Egypt's food and feed import policy could result in greater imports of U.S. corn. In an effort to alleviate chronic feed shortages resulting from severe shortages of the foreign exchange necessary to finance government corn imports, authority for the importation of corn will be transferred from the Ministry of Supply to the Ministry of Agriculture effective July 1, 1986. A crucial aspect of this transfer involves the Minister of Agriculture's apparent commitment to eventually eliminate the subsidy on yellow corn imports. Because the government resells all its imported corn at a heavily subsidized price, the private sector does not import corn because of the uncertainty of competing with the subsidized product. Even though reduction or elimination of the subsidy likely will result in higher feed prices, increased participation of the private sector could result in significant increases in Egypt's corn imports. Egypt has imported an average of 1.7 million tons of corn over the past several years, most of it from the United States.

SORGHUM EXPORT PRICES
U.S. AND ARGENTINE



CORN EXPORT PRICES
U.S. AND ARGENTINE



BARLEY, OATS, and RYE

U.S. EXPORTS
(June/May--1,000 tons)

Grain	1983/84	1984/85 1/	1985/86 2/
Barley	1,991	1,676	544
Oats	39	15	30
Rye	25	10	10

1/ Estimated. 2/ Projected.

DEVELOPMENTS AFFECTING U.S. EXPORTS

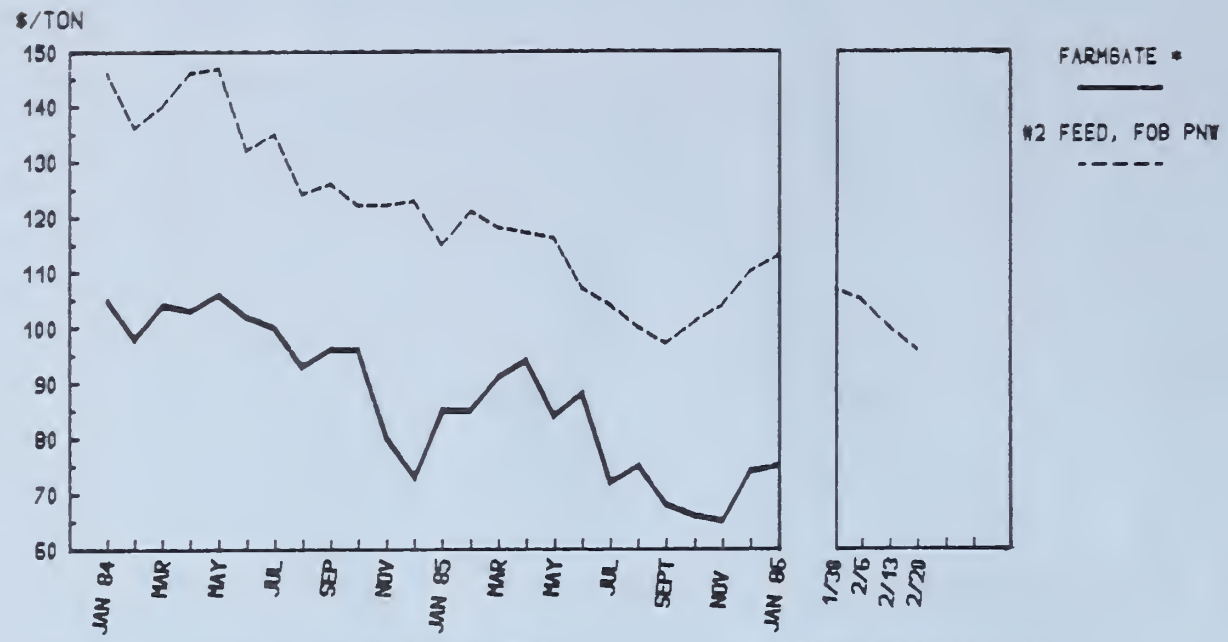
Other Countries' Selling Activity and Competitive Practices

**European Community: The Soviet Union reportedly has purchased 600,000 tons of French and U.K. barley, bringing total 1985/86 (October-September) barley purchases from the European Community to about 800,000 tons. The sale was, by far, the largest EC barley sale to the Soviet Union this year but occurred somewhat later than had been anticipated. The Soviets are expected to import 3.0 million tons of barley during the current marketing year, with about half coming from the EC. Last year, the EC supplied 2.7 million tons out of total Soviet barley imports of 4.4 million tons.

Competitive Developments in Selected Foreign Markets

**Spain: In a development which could provide opportunities for U.S. feed grain sales, the Spanish National Farm Service (SENPA) recently issued a tender for the sale of 650,000 tons of barley from stocks onto the domestic market. The sale was necessitated by rising domestic barley prices due to free-market shortages of feedstuffs resulting both from poor fall forage conditions and an aggressive barley export program. The release of stocks should preclude Spain's need to export additional barley prior to the implementation of the EC's Common Agricultural Policy on March 1 in order to reduce the cost of holding stocks. Spain's 1985/86 (October-September) barley exports currently total 1.0 million tons, most of which were shipped to Saudi Arabia and other Middle Eastern markets.

U.S. FEED BARLEY PRICES
INTERIOR AND EXPORT POSITIONS



* NO QUOTE FOR FEBRUARY

JAN 84 TO JAN 86 MID-MONTH

FEB MID WEEK PRICES

U.S. BARLEY EXPORT COMMITMENTS to MAJOR DESTINATIONS
(OCTOBER/SEPTEMBER -- 1,000 TONS) 1/

Destination	1982/83 Total Exports	1983/84 Total Exports	1984/85 Total Exports	1984/85 Committed as of 2/21/85	1985/86 Committed as of 2/20/86
EC-12	246	360	105	105	—
Other W. Europe	92	441	353	354	--
Eastern Europe	--	126	--	--	60
Taiwan	146	223	259	259	99
Japan	119	372	314	314	141
Others	317	509	514	519	85
TOTAL.....	920	2,031	1,545	1,550	385

1/ Accumulated shipments and sales, excluding sales for next marketing year.

SOURCE: U.S. Bureau of Census and U.S. Export Sales.

BARLEY SHIPMENTS by MAJOR EXPORTING COUNTRIES
RECENT MONTHS and SEASON TOTALS for 1984/85-1985/86
(OCTOBER/SEPTEMBER--MILLION TONS)

For Period Ending 1/	U.S. 84/85	U.S. 85/86	CANADA 84/85	CANADA 85/86	FRANCE 2/ 84/85	FRANCE 2/ 85/86	U.K. 2/ 84/85	U.K. 2/ 85/86	TOTAL 84/85	TOTAL 85/86
Nov. 16	.4	.3	.4	.2	.2	.2	.2	.2	1.2	.9
Dec. 19	.1	#	.1	.2	.2	.2	.3	.3	.7	.7
Jan. 24	.2.	#	.2	.2	.2	.2	.2	.3	.8	.7
Feb. 20	#	#	.2	.3	.2	N/A	.2	N/A	.7	N/A
Cumulative Since October 1	.8	.4	1.2	1.1	1.1	.5	1.1	.9	4.2	2.1
Total for Season 3/	1.2	.8	2.5	4.5	2.1	2.0	2.3	2.0	8.1	9.3

1/ Or nearest date.
2/ Excludes intra-EC trade.
3/ Forecast for 1985/86.
- Less than 0.1, N/A - Data not available.

**Saudi Arabia: U.S. corn sales to Saudi Arabia could benefit if the Saudi government lowers its heavy subsidy on barley imports. Recent trade rumors indicate that Saudi officials may be planning to sharply reduce or eliminate the 50-75 percent subsidy Saudi barley importers currently enjoy. If the price of imported barley were to increase, corn likely would be the most attractive substitute. Saudi Arabia is currently the world's largest barley importer, taking over 5.0 million tons per year, virtually none of which comes from the United States. U.S. corn exports to Saudi Arabia, on the other hand, have increased in recent years from 5,000 tons in 1978/79 to 310,000 tons last year when it supplied over half of total corn imports.

EC IMPORT LEVIES for WHEAT and CORN

YEAR	WHEAT IMPORT LEVY	CORN IMPORT LEVY
	US$/MT	
1975	27	14
1976	45	33
1977	112	62
1978	132	112
1979	144	135
1980	112	137
1981	72	74
1982	84	99
1983	100	94
1984	78	51
1985	42	44
1986	136	109
1987	169	134

1/ All levies as of first week of February for each year.
NOTE: 1987 level assumes that (1) EC threshold remains unchanged from 1986, (2) world prices between February 1986 and February 1987 decline by an amount equal to the decline in the U.S. loan rate, and (3) exchange rates remain stable.

LATEST U.S. EXPORT FORECAST, SHIPMENT AND SALES 1/

Export Forecast: The forecast for the 1985/86 marketing year remains at 1.85 million tons, as adjustments in the forecast due to the effects of the new U.S. agricultural legislation await the program announcement.

Shipment and Sales: U.S. rice exports during the 4-week period ending February 20 totaled 84,300 tons, down from the previous 4-week total of 100,600 tons. Major destinations included Iraq, Saudi Arabia, Bermuda, and Canada. Cumulative shipments for the 1985/86 marketing year through February 20 totaled 962,800 tons, or about 10 percent below the level of shipments for the same period one year ago. During the 4-week period ending February 20, registrations of new export sales for delivery in the current marketing year were 88,100 tons, compared to the previous 4-week total of 27,500 tons. Export commitments for 1985/86 delivery now total 1,154,000 tons, or approximately 20 percent below the 1,435,200 tons registered as of this date last year.

1/ Shipments and sales are on a product basis.

Weekly U.S. Rice Exports
(Metric Tons)

Week Ending	Actual	4-Week Moving Avg.
Jan 30	14,200	19,825
Feb 6	14,200	20,050
Feb 13	21,700	21,000
Feb 20	33,200	20,825

IMPORTER BUYING ACTIVITY

Buying activity slowed from the previous month, with Iran, Brazil and the USSR emerging as the largest buyers. Iran purchased 150,000 tons of Punjab and Sind percent broken rice from Pakistan. The USSR purchased (for shipment to Vietnam) 130,000 tons from Burma and 30,000 tons from Thailand. Brazil again made substantial purchases from Thailand, totaling 95,000 tons, and reportedly bought 20,000 tons of Indonesian and 5,000 tons of Surinamese rice. Again, almost all of the business was done on lower quality rice, with relatively small amounts of high-quality rice traded.

RECENT RICE IMPORTER BUYING ACTIVITY
REPORTED BETWEEN JANUARY 25 AND FEBRUARY 26, 1986

Buyer	Origin	Quantity 1,000 Tons	Quality 1/	Price $/MT 2/	Delivery Period	Date of Report
Angola	Thailand	2.2	35%	N/A	N/A	2/4
Brazil	Thailand	30.0	10%	179.50	Feb/Mar	2/10
	Thailand	30.0	10%	179.50	Feb/Mar	2/10
	Thailand	30.0	10%	179.50	Feb/Mar	2/10
	Indonesia	20.0	35%	N/A	N/A	2/10
	Suriname	5.0	35%	N/A	N/A	N/A
Djibouti	Thailand	2.0	P 100%	N/A	N/A	2/4
Indonesia	Thailand	5.0	GL 10%	N/A	N/A	2/4
Iran	Pakistan	75.0	Punjab 6%	185	N/A	2/10
	Pakistan	60.0	Sind 6%	175	N/A	2/10
	Pakistan	15.0	Punjab 6%	175	N/A	2/10
Malagasy	Thailand	20.0	A-1 Spec	95	N/A	2/4
	Thailand	10.5	A-1 Spec	N/A	N/A	2/18
Netherlands	Thailand	14.5	A-1 Spec	N/A	N/A	2/4
	Thailand	1.2	A-1 Spec	N/A	N/A	2/4
N Yemen	Thailand	15.0	P 100%	173	Feb	2/4
Oman	Thailand	1.0	P 100%	N/A	N/A	2/4
Saudi Arabia	Thailand	3.6	P 100%	N/A	N/A	2/4
Singapore	Thailand	3.6	100% B	N/A	N/A	2/4
Somalia	Thailand	10.0	P 10%	N/A	Feb/Mar	2/10
Switzerland	Thailand	16.0	A-1 Spec	109	N/A	2/4
Syria	Thailand	12.0	100% B	213 C&F	N/A	2/10
	China	12.0	5% MG/SG	240 C&F	Mar/Apr	2/10
Vietnam	Thailand	30.0	A-1 Spec	115 C&F	Jan/Apr	2/10
	Burma	130.0	25%	148 FOB	Feb/May	2/10
N/A	Pakistan	15.0	Sind 40/45	135.75	N/A	2/18
N/A	Pakistan	5.0	Sind 30/45%	137.15	N/A	2/18
N/A	Pakistan	10.0	Punjab 15/20%	146.50	N/A	2/18
N/A	Pakistan	20.0	Sind 15/20%	144.00	N/A	2/18

1/ P = Parboiled, LG = Long Grain, MG = Medium Grain, SG = Short Grain, Br = Brown, F = Fragrant, L/Bld = Long, Boiled, F/Bld = Full Boiled, Gl = Glutinous, S = Super, Spec = Special

2/ F.O.B. basis unless otherwise indicated. Price information is in many cases unconfirmed and as reported through unofficial market sources.

U.S. RICE EXPORT COMMITMENTS BY CLASS TO MAJOR DESTINATIONS
FOR 1982/83-1984/85, AND AUGUST 1 THROUGH FEBRUARY 26 FOR 1985/86
(AUGUST/JULY - 1,000 MT)

Destination	Marketing Year	Long Grain Milled	Long Grain Brown 2/	Other 1/ Milled	Other 1/ Brown	Total Exports
EC-10	1982/83	1	214	15	--	230
	1983/84	29	192	2	70	293
	1984/85	10	209	7	98	331
	1985/86	--	115	1	--	116
Other W. Europe	1982/83	33	54	3	4	94
	1983/84	23	35	3	138	199
	1984/85	26	31	4	63	125
	1985/86	18	16	1	--	35
Iraq	1982/83	327	--	*	--	327
	1983/84	230	--	2	--	232
	1984/85	429	15	1	--	445
	1985/86	366	--	--	--	366
Saudi Arabia	1982/83	267	--	2	--	269
	1983/84	253	--	6	--	259
	1984/85	239	--	6	--	245
	1985/86	100	--	*	--	100
Other Middle East	1982/83	48	--	2	--	50
	1983/84	40	--	12	--	52
	1984/85	41	--	4	--	45
	1985/86	6	--	3	--	9
Republic of Korea	1982/83	--	--	*	213	213
	1983/84	--	--	*	112	112
	1984/85	--	--	--	--	--
	1985/86	--	--	--	--	--
Other Asia & Oceania	1982/83	2	--	129	--	131
	1983/84	3	--	140	--	143
	1984/85	3	--	99	--	102
	1985/86	1	--	6	152	159
Nigeria	1982/83	159	--	--	--	159
	1983/84	63	--	--	--	63
	1984/85	*	--	--	--	--
	1985/86	--	--	--	--	--
Other Africa	1982/83	148	110	153	4	415
	1983/84	95	150	136	--	381
	1984/85	116	65	278	11	470
	1985/86	79	34	99	10	222
Western Hemisphere	1982/83	137	23	86	38	284
	1983/84	156	24	109	14	303
	1984/85	137	48	13	19	217
	1985/86	66	51	6	13	136
Total 3/	1982/83	1,148	400	392	259	2,199
	1983/84	900	401	408	338	2,047
	1984/85	985	389	422	190	1,986
	1985/86	635	217	116	175	1,143

* Less than 500 tons.
1/ Includes short, medium, and mixed.
2/ Data not converted to a milled equivalency, and includes rough rice.
3/ Discrepancies due to rounding and changes to unknown destinations.
SOURCE: U.S. Export Sales Report

OTHER DEVELOPMENTS AFFECTING U.S. EXPORTS

Thailand's Board of Trade lowered posted export prices for all grades of rice (except glutinous) during the past week. Actual export prices of 100 percent B and parboiled 5 percent fell to $188 and $142, respectively. Last year at this time, 100 percent B was selling at $193 per ton, while parboiled 5 percent was available at $184 per ton. A-1 Special broken rice has fallen to the $95 per ton range, compared with $152 per ton at this time last year.

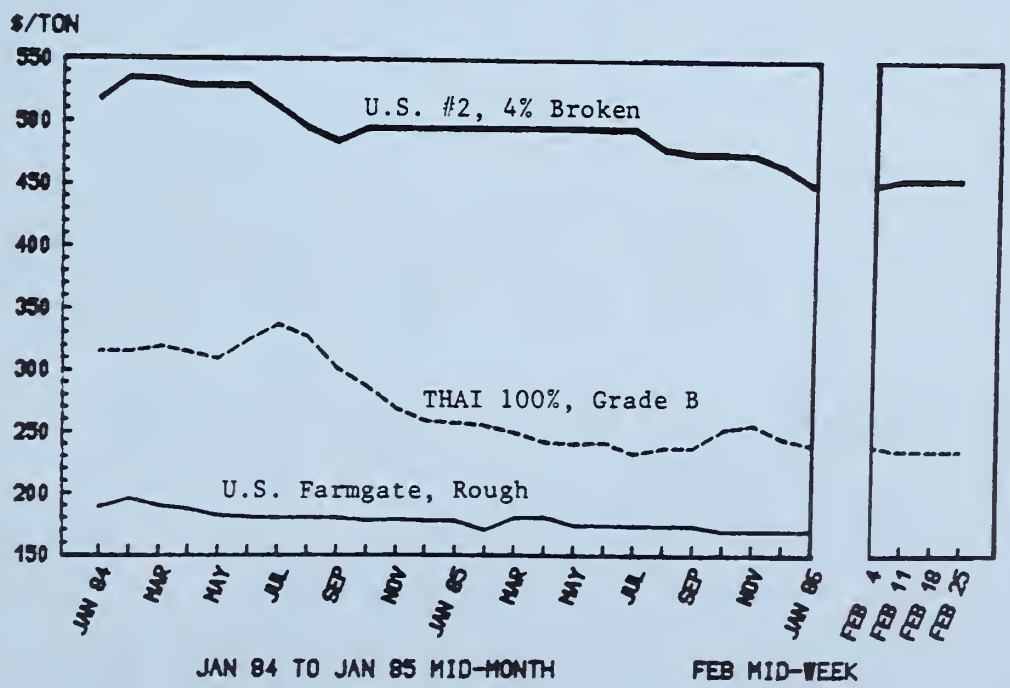
On the Rotterdam market, U.S. #2/4 percent long grain has strengthened slightly to $455 per ton C&F, in very light trading, while Thai 100 percent B has dropped to $235 per ton C&F.

**Thailand: Thai exports increased sharply during the past 4 weeks to 344,180 tons, up from the 165,352-ton level of the previously reported one-month period. The large sales volume in January was the cause of the sharp increase in shipments. Calendar year exports through February 8 totaled 389,000 tons, compared with 498,000 tons for the same period last year.

Weekly Thai Rice Exports
(Metric Tons)

Week Ending	Actual	4-Week Moving Avg.
Jan 18	67,811	42,877
Jan 25	71,024	48,085
Feb 1	95,879	66,961
Feb 8	109,466	86,045

RICE PRICES
US AND THAI (C&F ROTTERDAM) AND US FARM



Apparent export commitments for CY 1986 as of February 12 are estimated at 989,344 tons (as-is basis), compared with 1,498,475 tons registered by February 13 of last year.

The Department of Foreign Trade has announced an export target of 4.0 million tons for 1986. The export policy has now apparently been set, with an emphasis on a return to the free trade practices of 1984. Reportedly, an increased number trade teams will be used, and private marketing firms may be employed to help promote Thai rice. The much debated paddy price support scheme is still in effect--with little apparent result.

**Burma: Sales by the Myanma Export Import Corporation (MEIC) in December were 64,890 tons, bringing total shipments in CY 1985 to an estimated 452,290 tons. The CY 1985 level was substantially below the 691,676 tons exported the previous year. Burma did finish the year with two very strong months of exports, a momentum that seems to have carried over into sales in the new year. Sales by MEIC in so far in 1986 reportedly total over 300,000 tons, including 130,000 tons to the USSR (for Vietnam), and 20,000 tons to Brazil. Exports in January reportedly fell to 23,139 tons, including shipments of 13,001 to Angola and 10,138 to Senegal.

**Pakistan: The Rice Export Corporation of Pakistan (RECP) reportedly sold Iran 150,000 tons of Punjab and Sind 6 percent broken rice during the past month.

**Brazil: Brazil continued to buy substantial quantities of rice during the past month, with purchases reportedly totaling at least 120,000 tons. Purchases included 95,000 tons from Thailand, a reported 20,000 tons of Indonesian rice, and 5,000 tons from Suriname. This would bring total buys by Brazil to 270,000 tons in CY 1986. The government of Brazil has been extended a $50-million line of GSM-102 guaranteed credits to be used for purchases of U.S. rice.

**Costa Rica: Due to high stocks, the Consejo Nacional de Production (CNP) is offering up to 24,000 tons of rice for export. The CNP apparently needs to raise funds to repay debts owed to rice farmers. Peru was reportedly offered 10,000 tons of long grain rice at $294 c&f.

**Vietnam: Vietnam reportedly now has commitments to import at least 370,000 tons of rice in CY 1986. Purchases have been made by the USSR totaling 260,000 tons, including 130,000 tons from Burma and 130,000 tons from Thailand. Reports indicate an East European country may also be suppling about 10,000 tons of Burmese rice. In addition, Vietnam has reportedly purchased at least 100,000 tons of rice from Indonesia. Reports had circulated in the fall of 1985 concerning significant weather damage to the 10th and 5th month crops, the timing of the purchases and close shipping schedules indicate Vietnam may indeed have a shortfall in 1986.

U.S. EXPORT EXPANSION ACTIVITIES

**GSM-102: Credit Guarantees of $148.1 million remain for Iraq, and $8.9 million for Jamaica. Credit lines for other eligible countries remain at allocated levels: Brazil $50.0 million, and Portugal $19.0 million.

**PL-480: Fiscal Year 1986 PL-480 agreements have been signed with Bangladesh, Guinea, Jamaica, Madagascar, Senegal, and as of 2/18/86 Yemen. See table below for details of the agreements.

STATUS OF FY 86 TITLE I/III OBLIGATIONS
AS OF 2/26/86
(1,000 MT/$MILLION)

COUNTRY DATES	AGREEMENTS QTY	AGREEMENTS VALUE	PA'S ISSUED QTY	PA'S ISSUED VALUE	SALES QTY	SALES VALUE	TYPE & PRICE
BANGLADESH	35.0	10.0					
GUINEA	20.0	6.0	20.0	6.0	10.0	3.1	LG 296-308
JAMAICA	22.0	6.0	13.5	3.6	8.4	2.5	B LG 296-305
MADAGASCAR	13.8	4.0					
SENEGAL	18.3	5.5	18.3	5.5	22.4	5.5	16.8 MT MG 240-252 5.6 MT LG 245-249
YEMEN	13.0	5.0					

U.S. Rice
Supply/Distribution
1960/61 - 1985/86 (August-July)

	Area Harvested 1/	Yield	Rough Production	Beginning Stocks	Milled Production	Imports	Exports	Domestic Utilization
	1000 HA	MT/HA	1000 MT	(Thousand Metric Tons Milled Basis)				
1960/61	645	3.84	2,477	395	1,756	9	919	911
1961/62	643	3.82	2,459	330	1,763	13	936	997
1962/63	718	4.17	2,996	173	2,133	1	1,119	937
1963/64	717	4.45	3,188	251	2,295	1	1,385	917
1964/65	723	4.59	3,318	245	2,386	15	1,387	1,008
1965/66	725	4.77	3,460	251	2,497	22	1,418	1,081
1966/67	796	4.84	3,856	271	2,805	---	1,719	1,079
1967/68	797	5.09	4,054	278	2,950	---	1,816	1,190
1968/69	952	4.96	4,723	222	3,459	---	1,729	1,420
1969/70	861	4.84	4,169	532	3,003	7	1,781	1,220
1970/71	734	5.18	3,801	536	2,796	48	1,461	1,308
1971/72	736	5.28	3,890	611	2,838	36	1,804	1,309
1972/73	736	5.26	3,875	372	2,828	17	1,726	1,324
1973/74	878	4.79	4,208	167	3,034	7	1,604	1,349
1974/75	1,024	4.97	5,098	255	3,667	---	2,194	1,496
1975/76	1,140	5.23	5,824	232	4,099	---	1,732	1,394
1976/77	1,004	5.23	5,244	1,205	3,781	3	2,097	1,618
1977/78	910	4.94	4,500	1,274	3,120	3	2,270	1,248
1978/79	1,202	5.01	6,039	879	4,271	3	2,431	1,708
1979/80	1,161	5.16	5,986	1,014	4,324	3	2,706	1,794
1980/81	1,340	4.95	6,629	841	4,838	7	3,028	2,113
1981/82	1,535	5.40	8,289	545	5,974	13	2,683	2,247
1982/83	1,320	5.28	6,969	1,602	4,948	21	2,219	2,049
1983/84	878	5.15	4,523	2,303	3,216	27	2,270	1,763
1984/85	1,134	5.55	6,296	1,513	4,382	50	1,961	1,886
1985/86 2/	1,013	6.09	6,171	2,098	4,381	60	1,850	1,873
				2,818				

	Million Acres	CWT/Ac.	(Million Hundredweight Rough Basis)				
1975/76	2.8	45.58	128.4	7.1	---	56.5	42.1
1976/77	2.5	46.63	115.6	36.9	0.1	65.6	46.5
1977/78	2.2	44.12	99.2	40.5	0.1	72.8	39.6
1978/79	3.0	44.84	133.2	27.4	0.1	75.7	53.4
1979/80	2.9	45.99	131.9	31.6	0.1	82.6	55.3
1980/81	3.3	44.13	146.2	25.7	0.2	91.4	64.2
1981/82	3.8	48.19	182.7	16.5	0.4	82.0	68.6
1982/83	3.3	47.10	153.6	49.0	0.7	68.9	62.9
1983/84	2.2	45.98	99.7	71.5	0.7	70.3	54.7
1984/85	2.8	49.26	138.8	46.9	1.5	61.0	59.7
1985/86 2/	2.5	54.13	136.0	65.1	2.0	57.0	60.0
				87.5			

1/ The statistical discrepancy in the Supply/Use Report is included in Domestic Utilization in the Milled Basis Section of the Table as well as in consumption reported on a hundred weight rough basis.
2/ Projected

Source: "Agricultural Supply Demand Estimate" Report, USDA/WFB, February 10, 1986.

U.S. WHEAT, CORN, SORGHUM, BARLEY, OATS, and RYE SUPPLY and DISTRIBUTION
FOR APPROPRIATE COMMODITY MARKETING YEAR
(MILLION BUSHELS, MILLION ACRES) 1/

	Beginning Stocks	Area Harvested	Yield (Bu/Acre)	Production	Imports	Exports	Feed Use	Total Domestic Use
WHEAT:								
1976/77	666	70.9	30.3	2,149	3	950	75	755
1977/78	1,113	66.7	30.7	2,046	2	1,124	192	859
1978/79	1,178	56.5	31.4	1,776	2	1,194	158	837
1979/80	924	62.5	34.2	2,134	2	1,375	86	783
1980/81	902	71.1	33.5	2,381	3	1,514	60	783
1981/82	989	80.6	34.5	2,785	3	1,771	135	847
1982/83	1,159	77.9	35.5	2,765	8	1,509	195	908
1983/84	1,515	61.4	39.4	2,420	4	1,429	369	1,111
1984/85	1,399	66.9	38.8	2,595	8	1,424	411	1,153
1985/86	1,425	64.7	37.5	2,425	12	950	325	1,075
1986/87	1,837							
CORN:								
1976/77	400	71.5	88.0	6,289	3	1,684	3,609	4,122
1977/78	886	70.6	92.1	6,505	3	1,948	3,744	4,334
1978/79	1,111	71.9	101.0	7,268	1	2,133	4,323	4,943
1979/80	1,304	72.4	109.5	7,928	1	2,433	4,508	5,183
1980/81	1,617	73.0	91.0	6,639	1	2,355	4,133	4,868
1981/82	1,034	74.6	108.9	8,119	1	1,967	4,201	5,013
1982/83	2,174	72.7	113.2	8,235	1	1,870	4,522	5,420
1983/84	3,120	51.5	81.1	4,175	2	1,865	3,736	4,709
1984/85	723	71.9	106.7	7,674	3	1,838	4,117	5,182
1985/86	1,381	75.1	118.0	8,865	2	1,625	4,100	5,220
1986/87	3,052							
SORGHUM:								
1976/77	51	14.5	49.0	711	0	246	419	425
1977/78	91	13.8	56.6	781	0	213	456	468
1978/79	191	13.4	54.5	731	0	207	544	555
1979/80	160	12.9	62.6	807	0	325	483	496
1980/81	146	12.5	46.3	579	0	299	306	317
1981/82	109	13.7	64.0	876	0	249	429	440
1982/83	296	14.1	59.1	835	0	214	507	517
1983/84	400	10.0	48.7	488	0	246	381	391
1984/85	251	15.3	56.4	866	0	299	526	547
1985/86	271	16.7	66.7	1,113	0	275	575	595
1986/87	514							
BARLEY:								
1976/77	128	8.4	45.6	383	11	66	172	330
1977/78	126	9.7	44.0	428	9	57	177	333
1978/79	173	9.2	49.2	455	10	26	217	384
1979/80	228	7.5	50.9	383	12	55	204	376
1980/81	192	7.3	49.7	361	10	77	174	349
1981/82	137	9.0	52.4	474	10	100	198	372
1982/83	148	9.0	57.2	516	11	47	241	411
1983/84	217	9.7	52.3	509	7	92	283	452
1984/85	189	11.2	53.4	599	10	77	304	474
1985/86	247	11.5	51.0	589	7	25	300	470
1986/87	349							
OATS:								
1976/77	205	11.8	45.9	540	2	10	490	573
1977/78	164	13.5	55.6	753	2	12	509	594
1978/79	313	11.1	52.3	582	1	13	525	603
1979/80	280	9.7	54.4	527	1	4	492	568
1980/81	236	8.7	53.0	459	1	13	432	506
1981/82	177	9.4	54.2	510	2	7	454	530
1982/83	152	10.3	57.8	593	4	3	441	526
1983/84	220	9.1	52.6	477	30	2	466	544
1984/85	181	8.2	58.0	474	34	1	433	507
1985/86	180	8.2	63.6	519	25	2	475	555
1986/87	167							
RYE:								
1976/77	4	0.7	21.4	15	0	0	5	15
1977/78	4	0.7	24.4	17	0	0	7	17
1978/79	4	0.9	26.0	24	0	0	8	19
1979/80	9	0.9	25.7	22	0	2	7	17
1980/81	12	0.7	24.6	16	0	8	7	16
1981/82	4	0.7	26.6	18	0	2	8	18
1982/83	3	0.7	28.9	20	3	0	10	20
1983/84	6	0.9	30.3	27	2	1	12	22
1984/85	11	1.0	33.0	32	1	1	14	24
1985/86	20	0.7	30.0	21	2	1	13	23
1986/87	18							

1/ Commodity Marketing Years as follows: Wheat, Barley, Oats, and Rye - June/May, Corn and Sorghum - October/September.

SOURCE: World Agricultural Supply and Demand Estimates, No. 190 - February 10, 1986.

QUANTITY and VALUE of U.S. GRAIN and FEED COMMODITY EXPORTS
IN FISCAL YEAR 1985 with COMPARISON to the PRECEDING YEAR

COMMODITY	DECEMBER FY 85	DECEMBER FY 86	CUMULATIVE OCT THRU DEC FY 85	CUMULATIVE OCT THRU DEC FY 86	ACTUAL EXPORTS FY 85	PROJECTED EXPORTS FY 86
WHEAT (grain only)						
Quantity (1000 tons).....	3,590	1,684	9,975	6,257	28,524	28,000
Value Per Ton (dollars).....	$153	$141	$152	$137	$147	$139
Value (in million dollars)....	$551	$238	$1,517	$859	$4,263	$3,892
CORN (grain only)						
Quantity (1000 tons).....	5,247	4,461	15,310	12,966	46,276	40,850
Value Per Ton (dollars).....	$126	$107	$128	$106	$125	$117
Value (in million dollars)....	$661	$479	$1,955	$1,372	$5,771	$4,779
SORGHUM (grain only)						
Quantity (1000 tons).....	646	298	2,141	1,339	7,549	6,985
Value Per Ton (dollars).....	$110	$97	$112	$90	$115	$107
Value (in million dollars)....	$71	$29	$240	$121	$868	$747
BARLEY, OATS, AND RYE (grain only)						
Quantity (1000 tons).....	238	2	632	147	1,202	800
Value Per Ton (dollars).....	$147	--	$131	$102	$122	$112
Value (in million dollars)....	$35	--	$83	$15	$147	$90
TOTAL COARSE GRAINS (grain only)						
Quantity (1000 tons).....	6,131	4,761	17,903	14,452	55,027	48,635
Value Per Ton (dollars).....	$125	$107	$127	$104	$123	$115
Value (in million dollars)....	$767	$508	$2,278	$1,508	$6,786	$5,016
RICE (grain only)						
Quantity (1000 tons).....	148	133	467	465	1,908	1,800
Value Per Ton (dollars).....	$365	$376	$390	$365	$354	$350
Value (in million dollars)....	$54	$50	$182	$170	$676	$630
PULSES						
Quantity (1000 tons).....	62	42	159	148	425	425
Value Per Ton (dollars).....	$452	$476	$465	$460	$461	$470
Value (in million dollars)....	$28	$20	$74	$69	$196	$200
FLOUR AND OTHER GRAIN PRODUCTS						
Quantity (1000 tons).....	134	389	610	739	2,481	3,100
Value Per Ton (dollars).....	$261	$144	$180	$180	$223	$212
Value (in million dollars)....	$35	$56	$110	$133	$554	$656
FORAGE, HAY, MIXED FEED AND GRAIN BYPRODUCTS						
Quantity (1000 tons).....	518	480	1,584	1,764	6,395	6,400
Value Per Ton (dollars).....	$176	$156	$160	$150	$151	$152
Value (in million dollars)....	$91	$75	$253	$264	$964	$975
TOTAL VOLUME (in thousand tons)	10,583	7,489	30,698	23,825	94,760	88,360
TOTAL VALUE (in million dollars)	$1,526	$947	$4,414	$3,003	$13,439	$11,969

SOURCE: U.S. Bureau of Census.

U.S. WHEAT PROGRAMS

	1984 Program		1985 Program		1986 Program	
	Equivalent: Export Price 1/: ($/Ton)	Farm Price ($/Bu.)	Equivalent: Export Price 1/: ($/Ton)	Farm Price ($/Bu.)	Equivalent: Export Price 1/: ($/Ton)	Farm Price ($/Bu.)
Trigger Release Price	$200	$4.45	$200	$4.45	--	--
Target Price	$198	$4.38	$198	$4.38	$198	$4.38
Loan (Reserve)	$158	$3.30	--	--		
National Loan	$158	$3.30	$158	$3.30	$125	$2.40
Season Average Producer Price	$161	$3.38	$147-158	$3.00-3.20	--	--
Farm Price	--	--	$151	$3.12 2/	--	--
Paid Diversion	$136	$2.70	$136	$2.70	--	$2.00 Winter $1.10 Spring

1/ Estimated equivalent, adjusted from $/Bu. at the farm level by including transportation and handling allowances of $1.00 per bushel.
2/ ASCS 5-day moving average as of February 10, 1986

U.S. CORN PROGRAMS

	1984 Program		1985 Program		1986 Program	
	Equivalent: Export Price 1/: ($/Ton)	Farm Price ($/Bu.)	Equivalent: Export Price 1/: ($/Ton)	Farm Price ($/Bu.)	Equivalent: Export Price 1/: ($/Ton)	Farm Price ($/Bu.)
Trigger Release Price	$159	$3.25	$159	$3.25	--	--
Target Price	$151	$3.03	$151	$3.03	$151	$3.03
Loan (Reserve)	$136	$2.65	$132	$2.55	--	--
National Loan	$132	$2.55	$132	$2.55	$107	$1.92
Season Average Producer Price	$136	$2.65	$122-130	$2.30-2.50		
Farm Price	--	--	$121	$2.25	--	--
Paid Diversion	--	--	--	--	--	$0.73

1/ Estimated equivalent, adjusted from $/Bu. at the farm level by including transportation and handling allowances of $.80 per bushel.
2/ ASCS 5-day moving average as of February 10, 1986

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